IMPORTANT NOTICE

You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering circular (the "Offering Circular"). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached. In accessing the attached, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or Standard Chartered Bank, Australia and New Zealand Banking Group Limited, DBS Bank Ltd., ING Bank N.V., Singapore Branch and Mandiri Securities Pte Ltd to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the issuer of the securities, Standard Chartered Bank, Australia and New Zealand Banking Group Limited, DBS Bank Ltd., ING Bank N.V., Singapore Branch and Mandiri Securities Pte Ltd, nor any of their employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed your representation that (1) you and any customers you represent are (i) qualified institutional buyers (as defined under Rule 144A under the Securities Act) or (ii) outside the United States (as defined under Regulation S under the Securities Act) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (2) if you are an investor in Singapore, you are either an institutional investor as defined under Section 4A(1) of the Securities and Future Act, Chapter 289 of Singapore (the "SFA"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer may be made pursuant to Section 275(1A) of the SFA, and agree to be bound by the limitations and restrictions described herein, (3) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission and (4) that you agree to the foregoing terms and conditions.

MEDCOENERGI

US$650,000,000

Medco Oak Tree Pte. Ltd.

(incorporated with limited liability under the laws of Singapore)

7.375% Senior Notes due 2026

Irrevocably and unconditionally guaranteed (except as set forth below) by

PT MEDCO ENERGI INTERNASIONAL Tbk.

(incorporated with limited liability under the laws of the Republic of Indonesia)

Medco Oak Tree Pte. Ltd. (the "Issuer"), a company incorporated under the laws of Singapore with limited liability and a wholly owned indirect subsidiary of PT Medco Energi Internasional Tbk. ("Medco Energi" or the "Parent Guarantor"), is issuing US$650,000,000 aggregate principal amount of 7.375% senior notes due 2026 (the "Notes"). The Notes will mature on May 14, 2026. Interest will accrue from May 14, 2019 and be payable semi-annually in arrears commencing on November 14, 2019. The Notes will (except as set forth below) be irrevocably and unconditionally guaranteed (except as set forth below) (the "Guarantees") by Medco Energi and certain of Medco Energi's subsidiaries (the "Subsidiary Guarantors," and collectively with the Parent Guarantor, the "Guarantors").

The net proceeds of the Notes will be used for purposes that include payment of the consideration of, and fees and expenses relating to, the acquisition of Ophir Energy plc ("Ophir") by Medco Energi Global Pte. Ltd, to fund an interest reserve account, and any remaining net proceeds will be used to refinance existing Indebtedness (as defined herein) of the Parent Guarantor and its restricted subsidiaries (including Indebtedness of Ophir and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing. The acquisition of Ophir will be effected by way of a court-sanctioned scheme of arrangement under Part 26 of the U.K. Companies Act 2006. The Notes are expected to be issued on or after the date that the court's order for the scheme has been delivered to the Sanctioning Registrar of Companies of England and Wales (the "Scheme Effective Date"). Unless otherwise stated herein, this Offering Circular assumes that the Notes are issued on or after the Scheme Effective Date.

If the Notes are issued prior to the Scheme Effective Date, the net proceeds of this offering, together with the additional cash contributed by the Parent Guarantor or its subsidiaries, will be placed in an Escrow Account. Proceeds to pay the consideration of, and fees and expenses relating to, the acquisition of Ophir will be released from the escrow account upon the satisfaction of certain conditions. The Notes will not be guaranteed by the Guarantors, and the Parent Guarantor and its restricted subsidiaries (other than the Issuer) will not be subject to any of the covenants in the Indenture, until proceeds are released from the escrow account to pay the consideration of, and fees and expenses relating to, the acquisition of Ophir. If the Scheme Effective Date does not occur on or prior to 11.59 p.m. (London time) on July 4, 2019, or if certain other earlier events occur, the funds in the escrow account will be released for a special mandatory redemption of the Notes at a redemption price equal to 99.266%, plus accrued and unpaid interest to (but not including) the redemption date. Following the payment of the consideration of, and fees and expenses related to, the acquisition of Ophir, the Issuer will deposit into the interest reserve account proceeds of the Notes in an amount equal to one (1) semi-annual interest payment under the Notes. From the time of such deposit, the Issuer will maintain an amount equal to one (1) semi-annual interest payment in the interest reserve account with respect to the outstanding Notes. Remaining proceeds of the issuance of the Notes will be used to refinance certain outstanding Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing.

Not later than 30 days following a Change of Control (as defined herein), the Issuer or (except as set forth below) the Parent Guarantor must offer to purchase the Notes at a price equal to 101% of their principal amount plus unpaid and accrued interest, if any, to (but not including) the offer to purchase payment date. The Issuer may redeem all, but not less than all, of the Notes at the principal amount plus accrued interest upon certain changes in tax law (except as set forth herein). At any time on or after May 14, 2023, the Issuer may redeem the Notes, in whole or in part, at the redemption prices specified under "Description of the Notes — Optional Redemption" plus accrued and unpaid interest, if any to (but not including) the redemption date. At any time prior to May 14, 2023, the Issuer may at its option redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined herein) and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to May 14, 2023, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 107.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Notes will be general obligations of the Issuer and will otherwise rank at least *pari passu* in right of payment with all other unsubordinated indebtedness of the Issuer. The Guarantees will be general obligations of the Guarantors and will otherwise rank *pari passu* in right of payment with all other unsubordinated indebtedness of the Guarantors. For a more detailed description of the Notes, see "Description of the Notes."

Investing in the Notes involves risks. See "Risk Factors," beginning on page 32.

The Notes are expected to be rated "B2" by Moody's Investors Service, or "Moody's" and "B" by Standard & Poor's Ratings Services, or "S&P", and "B+" by Fitch Ratings, or "Fitch". A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Issue Price: 98.266%

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries and associated companies, or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the Notes are listed on the SGX-ST. Currently, there is no market for the Notes.

The Notes will be ready for delivery in book-entry form only through the Depository Trust Company for the account of its participants, persons that have accounts with DTC ("participants"), including Euroclear Bank SA/NV, and Clearstream Banking S.A., on or about May 14, 2019. The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The Notes and the Guarantees may not be offered or sold within the United States (as defined under Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes and the Guarantees are being offered and sold only (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act, and (2) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. See "Plan of Distribution" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions. This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 on Capital Market and its implementing regulations. The Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner that constitutes a public offering under the laws and regulations of Indonesia.

This Offering Circular (this "Offering Circular") has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) to a relevant person pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This Offering Circular is not a prospectus for the purposes of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "Prospectus Directive").

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The communication of this Offering Circular and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

Sole Global Coordinator

Standard Chartered Bank

Joint Lead Managers and Joint Bookrunners

Standard Chartered Bank **ANZ** **DBS Bank Ltd.** **ING** **Mandiri Securities**

The date of this Offering Circular is May 2, 2019

You should rely only on the information contained in this Offering Circular. We have not authorized anyone to provide you with different information. Neither we nor the Initial Purchasers are making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Offering Circular is accurate as of any date other than the date on the front of this Offering Circular.

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NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY, ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Circular is being furnished by us on a confidential basis in connection with an offering exempt from the registration requirements under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Notes and the Guarantee (the "Securities"). We have prepared this Offering Circular solely for use in connection with the proposed offering of the securities described herein. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and agrees to make no photocopies of this Offering Circular or any documents referred to herein.

No person has been authorized to give any information or to make any representation not contained in this Offering Circular in connection with the offering of the Securities, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company, the Issuer, the Initial Purchasers, The Bank of New York Mellon (the "Trustee") as paying agent, transfer agent and registrar, and The Bank of New York Mellon, Singapore Branch as collateral agent (together with the paying agent, transfer agent and registrar, collectively referred to as the "Agents") or any other person.

Each of Standard Chartered Bank, Australia and New Zealand Banking Group Limited, DBS Bank Ltd., ING Bank N.V., Singapore Branch and Mandiri Securities Pte Ltd (each, an "Initial Purchaser" and together, the "Initial Purchasers"), the Trustee and the Agents make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee or the Agents as to the past or future. The Initial Purchasers, the Trustee and the Agents have not independently verified all of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

The information contained in this Offering Circular is accurate as of the date of this Offering Circular and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Circular at any time nor the offer, sale or delivery of any Note shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Circular or in our affairs since the date of this Offering Circular.

This Offering Circular contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of material documents referred to herein will be made available to prospective investors upon request to us or the Initial Purchasers.

The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections entitled "Plan of Distribution" and "Transfer Restrictions."

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Securities to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. Except as mentioned under "Plan of Distribution" no action has been or will be taken to permit a public offering of the Securities in any jurisdiction where action would be required for that purpose. The Securities may not be offered or sold, directly or indirectly, and this Offering Circular may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Each prospective investor must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers nor the Trustee nor the Agents nor any of our or their respective representatives shall have any responsibility therefor.

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

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Securities under applicable legal investment or similar laws or regulations.

In connection with the issue and distribution of the Securities, the Initial Purchasers or any person acting for them may, subject to applicable law, over-allot or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail for a limited period of time. However, the Initial Purchasers or any person acting for them is under no obligation to do so. Furthermore, such stabilization, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") — the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular is not a prospectus for the purposes of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "Prospectus Directive").

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive.

Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The communication of this Offering Circular and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION NOR ANY OTHER REGULATORY AUTHORITY, HAS APPROVED OR DISAPPROVED THE SECURITIES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Company is required to furnish upon the request of a holder of a Note and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Company is not subject to the periodic reporting requirements of Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder.

NOTICE TO PROSPECTIVE INDONESIAN INVESTORS

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

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated audited financial statements as of and for the years ended December 31, 2016, 2017 and 2018, prepared under Indonesian FAS, are included in this Offering Circular beginning on page F-1. Our consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 were audited by Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants, as stated in their audit report appearing on page F-6 of this Offering Circular.

The consolidated financial statements for Ophir as of and for the years ended December 31, 2016, 2017 and 2018 included elsewhere in this Offering Circular, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial data for Ophir included in this Offering Circular has been extracted from its financial statements which were prepared in accordance with IFRS, which is significantly different from Indonesian FAS under which our financials are prepared. We have attempted to provide any reconciliation or quantitative impact of Indonesian FAS on Ophir's financial statements or financial information and such information relating to Ophir is presented as of the dates and for the periods indicated, however, no steps have been taken to ascertain whether there have been any updates, including any trends or events, subsequent to the dates and periods indicated. No attempt has been made to identify the disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in Ophir's historical financial statements and the notes thereto. We have not attempted to explain those differences or quantify their impact on Ophir's financial statements and we urge you to consult your own advisors regarding such differences and their impact on Ophir's financial statements. Accordingly, the degree to which the IFRS financial statements of Ophir will provide meaningful information is entirely dependent on the reader's level of familiarity with IFRS accounting practices. Any reliance by persons not familiar with IFRS accounting practices on Ophir's financial statements should accordingly be limited.

This Offering Circular also contains certain unaudited pro forma financial information which reflects the proposed Acquisition. We have prepared the pro forma financial information included in this Offering Circular as if the Acquisition had occurred on January 1, 2018. See "Unaudited Pro Forma Combined Consolidated Financial Information" for a discussion of the pro forma adjustments.

The pro forma financial information included in this Offering Circular has been provided for illustrative purposes only and does not represent what our financial condition or results of operations actually would have been if the Acquisition had in fact occurred on January 1, 2018 and is not representative of and should not be relied upon as indicative of the results of operations for any future periods. See "Risk Factors — The historical financial information for Ophir and the pro forma financial information included in this Offering Circular may not be representative of our results as a combined company in the future."

Unless otherwise indicated, all references in this Offering Circular to "pro forma" refer to the unaudited pro forma combined consolidated statement of comprehensive income for the year ended December 31, 2018, which reflects our proposed acquisition of Ophir as if the Acquisition had in fact occurred on January 1, 2018, included elsewhere in this Offering Circular.

All financial figures are presented on a consolidated basis unless otherwise stated.

NON-GAAP FINANCIAL MEASURES

This Offering Circular includes certain non-GAAP financial measures. We define EBITDA for the purposes of this Offering Circular as earnings before interest, taxes, depreciation (including depletion), amortization, gain or loss on foreign exchange and other income or charges for the period presented. We calculate EBITDA as gross profit minus selling, general and administrative expenses plus depreciation, depletion and amortization (which are charged to cost of sales and other direct costs and selling, general and administrative expenses). We define EBITDAX as EBITDA plus exploration expenses. EBITDA and EBITDAX, as well as the related ratios presented in this Offering Circular, are supplemental measures of respective performance and liquidity that are not required by, or presented in accordance with, Indonesian Financial Accounting Standards ("Indonesian FAS") or U.S. GAAP are not measurements of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or U.S. GAAP or as alternatives to cash flow from operating activities as a measure of liquidity. In addition, EBITDA and EBITDAX are not standardized terms; accordingly, a direct comparison between companies using such terms may not be possible.

We believe that EBITDA and EBITDAX facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest, finance charges and related derivative gains or losses, net of interest income), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortization of tangible and intangible assets (affecting relative depreciation and amortization expenses) and in the case of EBITDAX, exploration expenses. In particular, presentation of our EBITDA also adjusts for the non-cash equity in net income of associates and foreign exchange gains (losses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties to evaluate similar companies, many of whom present such non-GAAP financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service our debt.

We define net debt as our total debt (bank loans, loans from non-bank financial institutions, Rupiah bonds, US dollar bonds, Singapore dollar bonds and medium term notes) minus cash and cash equivalents and restricted time deposits and cash in banks. Net debt is not a measurement of financial performance under Indonesian FAS and should not be considered as an alternative to total debt, total liabilities or any other performance measure derived in accordance with Indonesian FAS. In addition, net debt is not a standardized term; hence, a direct comparison between companies using such term may not be possible.

EBITDA, EBITDAX and net debt each has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for, analysis of our financial condition or results of operations. Because of these limitations, EBITDA, EBITDAX and net debt should not be considered as measures of discretionary cash available to us to invest in the growth of our business.

EBITDA, EBITDAX and net debt are not measurements of financial performance under Indonesian FAS and should not be considered as alternatives to net income as indicators of the Company's operating performance or any other measures of performance derived in accordance with Indonesian FAS. As a measure of the Company's operating performance, the Company believes that the most directly comparable Indonesian Financial Accounting Standards measure to EBITDA and EBITDAX is gross profit and profit or loss before income tax expense.

INDUSTRY AND MARKET DATA

Certain market data, industry forecasts and data relating to Indonesia and other countries or areas of the world used throughout this Offering Circular have been obtained from industry publications and surveys, including the report entitled "Indonesia Market Report — Upstream Section" prepared by Wood Mackenzie. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While reasonable actions have been taken by us to ensure that the information is extracted accurately and in its proper context, neither we nor the Initial Purchasers have independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

In this Offering Circular, various operational data relating to our operations has been included. The manner in which such operational data has been calculated is described in this Offering Circular. You should note, however, that other companies in our industries may calculate and present such data in a different manner and therefore, you should use caution in comparing our data with data presented by other companies, as such data may not be directly comparable.

CERTAIN TERMS AND CONVENTIONS

Unless indicated otherwise in this Offering Circular, all references to: (1) the "Issuer" are to Medco Oak Tree Pte. Ltd.; (2) "Medco Energi" or the "Parent Guarantor" are to PT Medco Energi Internasional Tbk., (3) the

"Company", "us", "our" or "we" are to Medco Energi and its subsidiaries; (4) "AMNT" are to PT Amman Mineral Nusa Tenggara, our joint venture company through which we jointly conduct copper and gold mining operations; (5) "MPI" are to PT Medco Power Indonesia, our subsidiary engaged in the power generation business in Indonesia in which we effectively own an 88.62% interest; (6) "Ophir" are to Ophir Energy plc; (7) "Ophir Group" are to Ophir together with its consolidated subsidiaries; (8) the "Acquisition" are to the recommended offer made by our wholly owned subsidiary, Medco Energi Global Pte. Ltd. ("MEG"), to acquire the entire issued and to-be-issued share capital of Ophir (other than any ordinary shares held by Ophir in treasury) to be effected by means of a court-sanctioned scheme of arrangement under Part 26 of the U.K. Companies Act 2006 (the "Scheme of Arrangement)"; and (9) the "Santos Producing Assets" are to the Southeast Asian assets consisting of oil and gas production licenses acquired in September 2018 by the Ophir Group from Santos Limited.

Certain terms used herein are defined in the "Glossary" contained elsewhere in this Offering Circular. All references herein to "Indonesia" are references to the Republic of Indonesia and references to the "Government" herein are references to the government of Indonesia. References to the "United States" or "U.S." are to the United States of America. References herein to "US$", "$" or "U.S. dollar" are to the currency of the United States of America, references to "IDR," "Rp." or "Rupiah" are to the currency of the Republic of Indonesia and references to pound sterling or "£" are to the currency of the United Kingdom. Unless otherwise specified, all translations of Rupiah into U.S. dollar amounts were made at the middle exchange rate for Rupiah against the U.S. dollar announced by Bank Indonesia on December 31, 2018, which was US$0.000069 to Rp. 1.00 and all translations from pound sterling to U.S. dollars were made using a rate of US$1.3255 to £1.00. These translations were made for the sole purpose of the reader's convenience. No representation is made that the Rupiah, U.S. dollar or pound sterling amounts referred to herein could have been or could be converted into Rupiah or U.S. dollars, as the case may be, at any particular rate or at all. See "Exchange Rates." Certain amounts (including percentage amounts) have been rounded for convenience; as a result, certain figures may not sum to total amounts or divide to equal quotients.

Our consolidated financial statements are prepared in accordance with Indonesian FAS and are not intended to present our consolidated financial condition, financial performance or cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia, including the United States and countries in the European Union. The material differences between Indonesian FAS and U.S. GAAP as applicable to us are discussed under the caption "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP." We maintain our books, and prepare and report our consolidated financial statements, using the U.S. dollar.

Unless otherwise specified, all references herein to "production capacity" of a facility means the maximum amount that can, or is expected to be able to, be contained by such facility. No representation is made that the amount of production (if any) from such facility is or will or is expected to be equal to the production capacity of a facility and production capacity should not be treated as indicative of future levels of production.

Unless otherwise specified, all references herein to ownership interests and effective interests are as of December 31, 2018. References to "2016", "2017" and "2018" refer to the fiscal years ended December 31, 2016, 2017 and 2018, respectively.

Gross working interest production, with respect to a block, is the production achieved from the block attributable to our effective interest prior to deduction of any share attributable to the Government, multiplied by our working interest before applying any PSC calculation. Our net entitlement in a given year represents our share of gross working interest production after deducting the share attributable to the Government pursuant to the terms of the relevant production sharing arrangement. For a more complete description of the mechanism for sharing production between us and the Government, refer to "Regulatory Overview."

SPECIAL NOTE REGARDING OPHIR INFORMATION

All information, including the financial data, relating to the Ophir Group, included in this Offering Circular (the "Ophir Information") has been obtained from publicly available documents and information, primarily including Ophir's latest annual report, information available on Ophir's corporate website, and industry reports (collectively, "Public Sources"). As the Acquisition has not been completed and there is still no affiliation between us and Ophir, we, our independent auditors and the Initial Purchasers have had limited access to Ophir's management and legal, business, financial and other due diligence documentation in connection with this offering. None of us, our independent auditors nor the Initial Purchasers has independently verified any of the Ophir Information. In view of the foregoing, each investor should make its own independent investigation of Ophir's financial condition and affairs and its own appraisal of Ophir's creditworthiness.

Each investor, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that (i) it has read and understood the above paragraph relating to the Ophir Information; (ii) we, our independent auditors and the Initial Purchasers have had limited access to Ophir's management and legal, business, financial and other due diligence documentation in connection with this offering; and (iii) it has made its own independent investigation of Ophir's financial condition and affairs and its own appraisal of Ophir's creditworthiness.

Prior to the completion of the Acquisition, Ophir does not have any direct or indirect interest in the Notes to be issued in connection with this offering and does not accept any claims or liabilities suffered by us or any prospective bondholder or other third party, arising howsoever, directly or indirectly, from reliance made on any representations or statements contained in this Offering Circular or from the issuance of the Notes.

PRESENTATION OF OIL AND GAS RESERVES DATA

The information on our historical natural gas and oil reserves presented in this Offering Circular is based on estimates of such reserves underlying the properties in which we have an interest under production sharing arrangements. "Reserves" are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. "Proved reserves" are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. "Probable reserves" are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered that possible reserves. "Possible reserves" are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than probable reserves. "Proved and probable reserves" are proved reserves and probable reserves. "Proved and probable and possible reserves" are proved and probable reserves and possible reserves. As it relates to our reserves information, "gross working interest reserves" are reserves attributable to our effective interest prior to deduction of any share attributable to the Government. "Net reserves" are reserves attributable to our effective interest, after deduction of any share attributable to the Government. In each case, our effective interest is given after taking into account any dilution due to less than 100% ownership through subsidiaries which are less than wholly owned, directly or indirectly, by us. All SKK MIGAS (as defined herein) and Pertamina interests shown herein, other than working interests, income and revenue taxes and Domestic Market Obligation ("DMO"), are considered to be attributable to the Government. Estimated oil and gas reserves and resources are presented based on our gross working interest (inclusive of any government shares).

Contingent resources are less certain than reserves. These are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed.

Unless otherwise indicated or in the case of oil prices, references to "crude oil" or "oil" include condensate. Natural gas equivalents and crude oil equivalents are determined using the ratio in the range of 5.19 – 6.54 Mcf of natural gas to one BBL of crude oil, condensate or natural gas liquids.

All references herein to the "Oil and Gas Law" are references to the oil and gas law as set forth in Law No. 22 of 2001 enacted on November 23, 2001 by the Government. References to "Pertamina" are references to the Indonesian state-owned oil and gas company, PT Pertamina (Persero) (*Perusahaan Pertambangan Minyak dan Gas Bumi Negara*), references to "MIGAS" are references to "the Directorate General of Oil & Gas (*Direktorat Jenderal Minyak dan Gas Bumi*), of the Ministry of Energy and Mineral Resources of the Republic of Indonesia ("MEMR")," references to "SKK MIGAS" are references to the Government's Special Task Force for Upstream Oil and Gas Activities (*Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi*), which came into existence upon the issuance of Presidential Regulation No. 9 of 2013 regarding the Management of Upstream Oil and Gas Activities ("PR 9/2013") to take over the former functions and duties of the Executive Agency for Upstream Oil and Gas Activities known as *Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi* ("BP MIGAS"). All references to "PSCs" are to Production Sharing Contracts, and all references to "JOBs" are to Joint Operating Bodies. For more information see "Regulatory Overview." Certain oil and gas terms used herein are defined in the "Glossary" contained elsewhere in the Offering Circular.

With respect to our oil and gas reserves, excluding Ophir:

- Certain of our oil and gas reserves data included herein has been derived based on the reserves estimations or assessments of an independent petroleum engineering consultant, Gaffney, Cline & Associates ("GCA"). In particular, the reserves figures presented in this Offering Circular are derived from GCA reserves estimations or assessments as of September 30, 2018 for the South Natuna Sea Block B PSC, as of December 31, 2017 for the South Sumatra PSC, Tarakan PSC and the Lematang PSC (Singa field); and as of October 31, 2018 for the Senoro-Toili (Senoro Gas Field) and December 31, 2018 for Block A, Aceh. To the extent that we have presented our gross working interest reserves on the basis of our effective interest under the applicable contractual arrangement before consideration of PSC terms and not in accordance with SPE-PRMS guidelines, we and not our independent petroleum engineering consultants are responsible for such data. However, our independent petroleum engineering consultants are responsible for the reserves data prior to adjustment for the effective working interest.
- The other reserves information contained in this Offering Circular, which amounts to approximately 32% of our gross working interest proved reserves and 41% of our gross working interest proved and probable reserves as of December 31, 2018, has not been recently estimated or assessed by any third party, but constitutes our estimates, based on prior independent third-party reserve estimations or assessments from which production has been deducted. Certain reserves information contained in this Offering Circular consists of estimates of third parties and has not been independently verified by us. The reserves information contained in this Offering Circular was prepared on the basis of generally accepted petroleum engineering principles and definitions applicable to the proved and probable and possible reserve categories and sub-classifications promulgated by the Society of Petroleum Engineers — Petroleum Resources Management System ("SPE-PRMS"). However, such disclosures may not meet the disclosure requirements of the United States Securities and Exchange Commission ("SEC"). See "Risk Factors — Risks Relating to the Company — The oil and gas reserves data in this Offering Circular are estimates calculated using industry standard methodologies and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; although we have recent reserve estimations or assessments for certain of our key production and development blocks, there are no recent independent third-party estimations or assessments available for the majority of our blocks, and the oil and gas reserves data for these blocks are based on previous third-party estimations or assessments and then deducting cumulative production. In addition, probable reserves are generally believed to be less likely to be recovered than proved reserves." Estimated oil

and gas reserves and resources are presented based on our net working interest (inclusive of any government shares).

With respect to references to the oil and gas reserves of Ophir:

- Certain of Ophir's oil and gas reserves data included herein has been derived based on the reserves estimations or assessments audited by an independent petroleum engineering consultant, ERC Equipoise Limited ("ERCE"). In particular, the reserves figures presented in this Offering Circular with respect to the assets of Ophir are derived from reserves estimations or assessments audited by ERCE effective as of December 31, 2018 and in accordance with SPE-PRMS guidelines.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements", as defined in Section 27A of the Securities Act, and Section 21E of the Exchange Act including statements regarding our expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project" and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular are forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Specifically, statements under the captions "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and "Business" relating to the following matters may include forward-looking statements:

- our reserve estimates and classification of reserves and our ability to extract oil and gas;
- our plans and targets for commencement of oil and gas production, as well as our planned production capacity and the performance of certain facilities, wells and geological formations;
- our plans and targets with respect to Ophir;
- our plans and targets with respect to MPI's power projects;
- our development plans for our exploration, development and production blocks and AMNT's development plans for the Batu Hijau mine;
- our and our partners' and associates' development and future plans for the copper and gold, power and renewable energy industries and relevant anticipated or predicted production;
- our future and budgeted capital expenditures and investments in general and expected production capacity of facilities to be constructed or acquired as part of our capital expenditure plans;
- the expected results of our exploration, development, production and drilling activities and other related capital expenditures and investments;
- the anticipated demand and selling prices for petroleum products, gas products and petrochemicals, drilling activities and power;
- sales to existing and potential customers, whether under sales contract or not, and generation of future receivables;
- our ability to be and remain competitive;
- our financial position, business strategy and budgets, projected financial and operating data and plans and objectives of management for future operations; and
- environmental compliance and remediation.

Such statements are subject to certain risks and uncertainties, including:

- economic, social and political conditions in Indonesia and other countries in which we operate and transact business;
- movements in oil and gas prices and in gold and copper prices;
- increases in regulatory burdens in Indonesia and such countries, including environmental regulations and compliance costs;
- changes in our relationship with the Government, SKK MIGAS, Pertamina and/or regional government authorities in Indonesia;
- changes in terms and conditions of production sharing arrangements; and
- changes in import or export controls, duties, levies or taxes, either in international markets or in Indonesia.

The expectations of our management with respect to exploration, development and production activities, whether conducted by us, any of our subsidiaries, joint ventures, associates or affiliates, or any of our suppliers, are also subject to risks arising from the inherent difficulty of predicting the presence, yield or quality of oil and gas deposits or mineral resources, as well as unknown or unforeseen difficulties in extracting, transporting or processing any oil and gas or mineral resources found, or doing so on an economical basis.

Our ability to maintain and grow revenues, net income and cash flows depends upon continued capital expenditure. In addition, our capital expenditure and investment plans are subject to a number of risks, contingencies and other factors, such as oil and gas prices, market demand, geological factors, acquisition opportunities and the success of our drilling program, some of which are beyond our control. We adjust our capital expenditure and investment budget periodically based on factors deemed relevant by us. Our ability to obtain adequate financing to satisfy our capital expenditure and investment budget and debt service requirements may be limited by our financial condition, results of operations, legal and regulatory issues and the liquidity of international and domestic financial markets. We may make additional capital expenditures and investments as opportunities or needs arise. We may increase, reduce or suspend our planned capital expenditures or investments, or change the timing and use of our capital expenditures from what is currently planned, in response to market conditions, drilling results, production trends or for other reasons.

For the foregoing reasons, our actual future capital expenditures and investments are likely to be different from our current budgeted capital expenditure and investment amounts, and such differences may be significant.

Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in production, capacity or performance might not be fully realized or realized at all. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonably based on information currently available to us, no assurances can be given that such expectations will prove to have been correct. Accordingly, prospective investors are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as of their dates, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a private limited liability company incorporated under the laws of Singapore. The Parent Guarantor is a publicly listed limited liability company incorporated in Indonesia under the laws of the Republic of Indonesia. As a result, it may be difficult for investors to enforce against the Issuer or the Parent Guarantor judgments obtained in non-Indonesian courts. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law.

As Indonesia and Singapore do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters, and Indonesia is not listed as a country under the Reciprocal Enforcement of Commonwealth Judgments Act, Chapter 264 of Singapore, or Reciprocal Enforcement of Foreign Judgments Act, Chapter 265 of Singapore, a final and conclusive judgment for the payment of money rendered by any courts in Indonesia based on civil liability cannot be registered in Singapore and enforced as if it was a judgment of the Singapore court. However, if the party in whose favor such Indonesian final and conclusive judgment is rendered brings a new suit in a competent court in Singapore and makes a fresh claim on the final and conclusive money judgment rendered by the Indonesian courts, such party may submit to the Singapore court the final and conclusive judgment that has been rendered in Indonesia as evidence of fact in relation to the claim for the money judgment. If, and to the extent, the Singapore court finds that the court in Indonesia is of competent jurisdiction to render the judgment, it is an *in personam* final and conclusive judgment, which is also judgment for a definite sum of money, the Singapore court will, in principle, grant a Singapore judgment for the sum under the foreign judgment, without substantive re-examination or re-litigation on the merits of the subject matter thereof, unless such judgment was procured by fraud or its enforcement would be contrary to public policy in Singapore or that the proceedings in which it was obtained were contrary to natural justice.

The Parent Guarantor has been advised by its Indonesian legal advisor, Assegaf Hamzah and Partners, that judgments of non-Indonesian courts, including any judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state or territory within the United States, are not recognized or directly enforceable in Indonesian courts. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. The judgment of a foreign court could be offered and accepted as evidence in proceedings of the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate, in its sole discretion. Re-examination of the underlying claim de novo would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian laws will be the same, or as extensive, as those available in other jurisdictions.

The agreements entered into with respect to the issue of the Notes are governed by the laws of New York. A judgment rendered by a New York court based upon the civil liability provisions of the securities laws of the United States or any state thereof are not enforceable in Singapore courts and Singapore courts may not enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the securities laws of the United States or any state thereof.

ENFORCEMENT OF THE GUARANTEES IN INDONESIA

Under the Indonesian Civil Code, a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets on a guaranteed obligation prior to the obligee exercising its rights under the related guarantee. The Guarantees contain a waiver of this obligation. The Parent Guarantor has been advised by its Indonesian legal advisor that it may successfully argue that, even though a guarantee contains such waivers, the Parent Guarantor may nevertheless require that the obligee first prove that all available legal remedies against the obligor have, in fact, been exhausted. Accordingly, if such request is granted, the Parent Guarantor may not be required to comply with its obligations under the Guarantees provided in respect of the Notes until all remedies against the Issuer have been exhausted. Paragraph 1 of Article 1832 of the Indonesian Civil Code stipulates that once a guarantor has waived its rights to require a lender to exhaust its legal remedy against the obligor, such guarantor may no longer claim otherwise. However, the outcome of specific cases in the Indonesian legal system is subject to considerable discretion and uncertainty.

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities (using structures involving a guarantee issued by an Indonesian company) have successfully sued their creditors to, among other things, invalidate their debt obligations and have sought

damages from creditors exceeding the original proceeds of the debt issued. In one such case, which was subsequently settled, an Indonesian court annulled the transaction documents in a structure involving a guarantee issued by an Indonesian company for debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and awarded damages to the defaulting borrower. The courts' reports of these decisions do not provide a clear factual basis or legal rationale for the judgments.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US$500 million of notes issued through an offshore offering structure (the "June 2006 Decision"). The decision involved an Indonesian listed company, PT Indah Kiat Pulp & Paper Tbk. ("Indah Kiat"), as plaintiff and various parties as the defendants using a structure similar to this offering of the Notes and the Guarantees, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff's argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. ("Indah Kiat BV"), Indah Kiat's Dutch subsidiary established for the purpose of the issuance of the notes, was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Decision ("August 2008 Decision"). The Indonesian Supreme Court in its civil review decision stated that Indah Kiat had failed to prove that the transaction was an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Indonesian Supreme Court maintained that it was clear that the money borrowed by Indah Kiat from Indah Kiat BV had in fact originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement, and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the civil review stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review considered that the Indonesian Supreme Court had misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The civil review also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry ("Lontar Papyrus"), a sister corporation of Indah Kiat. According to an Indonesian Supreme Court decision at civil review level (which was subsequently upheld by the Indonesian Supreme Court at the appellate level), in March 2009, the Indonesian Supreme Court refused a civil review (the "March 2009 Decision") of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US$550 million of notes issued by APP International Finance Company B.V. ("APPC") and guaranteed by Lontar Papyrus. Lontar Papyrus' legal arguments in its lower court case were fundamentally the same as those in the earlier cases by Indah Kiat — namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court's refusal to grant a civil review effectively affirmed the lower court decision to invalidate all of the transaction documents, including Lontar Papyrus's obligations as the guarantor under the notes, meaning the verdict is now final. The Indonesian Supreme Court's refusal to grant the civil review was based on reasons that

the loan agreement between APPC and Lontar Papyrus and the indenture with regard to the issuance of notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan had been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Indonesian Supreme Court, as was the case in August 2008 in the Indah Kiat matter, it appears that the Indonesian Supreme Court has taken a contradictory view on the Lontar Papyrus case.

In September 2011, the Indonesian Supreme Court (the "September 2011 Decision") refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court's June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat B.V. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims.

The Indonesian Supreme Court's refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower court decisions and such lower court decisions are now final and not subject to further review.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the parent guarantor under a guarantee arrangement similar to that of the Notes. On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk ("Bakrie Tel") for purposes of its court-supervised debt restructuring, resulting in a suspension of payment obligation ("PKPU") (the "Bakrie Tel PKPU"). Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee.

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), in early 2016 entered into a PKPU under the Indonesian bankruptcy law regime. The PKPU administrators were reported to have rejected claims that arose from holders of their two Singaporean dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on any restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (*rencana perdamaian*) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two of Singaporean dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the

United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision or decision on PKPU proceedings such as the Bakrie Tel PKPU or Trikomsel PKPU in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of the holders of the Notes, if we were to contest the enforcement by the holders of the Notes of our obligations.

Indonesian Regulation of Offshore Debt

Pursuant to Presidential Decree No. 59/1972 dated October 12, 1972 and Presidential Decree No. 120/1998 dated August 12, 1998 ("Presidential Decree No. 59/1972"), Parent Guarantor is required to report details regarding its offshore debt to the Minister of Finance of Indonesia and Bank Indonesia, on the acceptance, implementation and repayment of principal and interest. The Ministry of Finance Decree No. KEP-261/MK/IV/5/73 dated May 3, 1973, as amended by the Ministry of Finance Decree No. 417/KMK.013/1989 dated May 1, 1989, and the Ministry of Finance Decree No. 279/ KMK.01/1991 dated March 18, 1991, as the implementing regulation of the Presidential Decree No. 59/1972, further set forth the requirements to submit periodic reports regarding offshore debt (including guarantees over offshore debt) to the Ministry of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three month period. Further, pursuant to Presidential Decree No. 39/1991 dated September 4, 1991 on Commercial Offshore Loan Management Coordination ("Presidential Decree No. 39/1991"), all offshore commercial borrowers must submit periodic reports to the Team of Offshore Commercial Borrowings (the "PKLN Team") upon the implementation of their offshore commercial borrowings. Presidential Decree No. 39/1991 does not stipulate the time frame or the format and the content of the periodic reports that must be submitted.

On December 31, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 regarding the Reporting on Foreign Exchange Activities and Reporting on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt ("PBI 16/22"). PBI 16/22 requires any non-bank entity which applies prudential principles to submit reports which cover (i) the implementation of prudential principles which have complied with an attestation procedure; (ii) notification of compliance of credit ratings; (iii) financial statements; and (iv) a report on the implementation of prudential principles (the "Implementation of Prudential Principles Report"). The Implementation of Prudential Principles Report is required to be submitted quarterly or on any other submission deadline as elaborated under PBI 16/22.

However, on January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity ("PBI 21/2"), which became effective from March 1, 2019. This regulation revokes all provisions on the reporting of foreign exchange activities under PBI 16/22. Therefore, based on PBI 21/2, PBI 16/22 remains valid and only regulates the reporting of the implementation of the prudential principles. PBI 21/2 requires any entities engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, to submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The relevant entities include bank and non-bank financial entities, non-financial entities, individuals and entities other than enterprises, whether in the form of legal entities or non-legal entities established by a government or the public. The report must include, among other things, information relating to (i) trade activities in goods, services or other transactions between an Indonesian resident and a non-Indonesian resident; (ii) principal data of risk participation transaction and/or offshore loan; (iii) plan to draw and/or repay the offshore loan and/or risk participation transactions; (iv) realisation to draw and/or repay the offshore loan and/or risk participation transactions; (v) the position and changes of offshore financial assets, offshore financial liabilities and/or risk participation transactions; and/or (vi) any plans to incur new offshore loans and/or their amendment. Bank Indonesia has issued implementing regulations for PBI 21/2, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Bank's Liabilities in Foreign Exchange ("PADG 21/3"); and (ii) the Members of the

Board of Governor of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the Form of Offshore Debt and Risk Participation Transactions ("PADG 21/4"). Both implementation regulations became effective on March 1, 2019. The report on foreign exchange activities must be submitted using an online system in accordance with each implementing regulation of PBI 21/2 as applicable, namely PADG 21/3 or PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah and conducting risk participation transactions pursuant to loan agreements, debt securities, trade credits or loans other than loans pursuant to loan agreements, debt securities and trade credit, i.e., dividend loan and royalty loan, must report such activities to Bank Indonesia. There is no minimum amount requirement to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US$200,000 or its equivalent in any other currency. The reports consist of the main data report and/or amendments, the monthly recapitulation data report and offshore debt plan data report. The main data report must be submitted to Bank Indonesia by no later than the 15th day of the following month from 07:10 Western Indonesia time to 16:15 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than the 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full and an offshore debt plan data report must be submitted to Bank Indonesia by no later than March 15 for a new offshore debt plan and June 15 for changes to the offshore debt plan.

Related to the Implementation of Prudential Principles Report as regulated under PBI 16/22 is a regulation which was issued by Bank Indonesia on December 29, 2014, namely Bank Indonesia Regulation No. 16/21/PBI/2014 on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 dated April 22, 2016 ("PBI 16/21"), which is applicable to non-bank corporations that obtain offshore debt in a foreign currency.

In addition to reporting on foreign exchange activities, for the purpose of PBI 16/21, PBI 16/22 also requires reporting on the implementation of the prudential principles. Under the implementing regulations of PBI 16/22, namely Bank Indonesia Circular No. 17/3/DSta dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Offshore Loan Management for Non-Bank Corporations as last amended by Bank Indonesia Circular No. 17/24/DSta dated October 12, 2015 ("SEBI 17/3"), non-bank corporations must submit:

(1) the prudential principle implementation activity report ("KPPK Report"): (i) a non-attested KPPK Report, which is to be submitted on quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK Report (attested by a public accountant), which is to be submitted no later than the end of June of the following year;

(2) information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and

(3) the financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on a quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principle implementation activity report. It can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including direct inspection of the company or appoint a third party to do so.

As of January 1, 2016, submissions of and corrections to the prudential principle implementation activity report shall be made online. The requirement to submit credit ratings fulfillment only applies to offshore debt executed or issued as of January 1, 2016.

PBI 16/21 effectively replaces Bank Indonesia Regulation No. 16/20/PBI/2014 which was issued on October 28, 2014 and with respect to the implementation of PBI 16/21, Bank Indonesia also issued (i) Bank Indonesia Circular Letter No. 16/24/DKEM dated December 30, 2014, as initially amended by Bank Indonesia Circular Letter No. 17/18/DKEM dated June 30, 2015 ("SEBI 16/24/DKEM") and last amended by Bank Indonesia Circular Letter No. 18/6/DKEM dated April 22, 2016 and (ii) SEBI 17/3/DSta.

PBI 16/21 requires non-bank corporations that have offshore debt in a foreign currency (non-Indonesian Rupiah) to maintain the following prudential principles: (i) minimum hedging requirement, (ii) minimum liquidity requirement and (iii) minimum credit ratings. The hedging requirement does not apply to non-bank corporations whose financial statement are presented in U.S. dollars and who have an export revenue to business revenue ration of more than 50% in the previous calendar year, and have also obtained approval from the Ministry of Finance to use U.S. dollars in their financial statement, which approval shall be evidenced by submitting supporting documents to Bank Indonesia.

The minimum hedging requirement is applied with a two-stage approach to avoid unnecessary difficulties for corporations having existing offshore debt. Until December 31, 2015, the minimum hedging ratio was set at 20% of (i) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter, and (ii) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter. Since December 31, 2015, the minimum hedging ratio has been set at 25% of (i) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter and (ii) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter. Foreign currency assets comprise of cash, demand deposits, regular deposits, term deposits, account receivables, inventories, marketable securities and receivables from forwards, swaps and/or options transactions in a foreign currency (non-Indonesian Rupiah) calculated based on position at the end of the relevant quarter. The account receivables which may be calculated as foreign currency assets are account receivables to Indonesian residents and non-Indonesian residents which will be due within three months from the end of the relevant quarter and/or in the period of more than three months up to six months after the end of the relevant quarter, which are true-sale in nature or non-refundable and after deducted with amortization. Accounts receivable may be calculated as foreign currency assets if such underlying agreement was executed prior to July 1, 2015. Account receivables with underlying agreements executed starting from July 1, 2015 may be counted as foreign exchange assets if they are related to strategic infrastructure projects and have obtained Bank Indonesia approval, or if the transaction which underlies the foreign currency assets is permitted to be in foreign currency pursuant to Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah in the territory of the Republic of Indonesia ("PBI 17/3"). Inventory which may be calculated as a foreign currency asset is inventory from exporters with export income to business revenue ratio of more than 50% in the previous calendar year.

SEBI 16/24/DKEM defines foreign currency liabilities as liabilities in foreign currency to Indonesian residents and non-Indonesian residents, including liability deriving from forwards, swaps and/or options transactions maturing within three months from the end of the relevant quarter and between three and six months from the end of the relevant quarter. Foreign currency liability which will be due may not be calculated as foreign currency liability if (a) it is in the process of roll over, revolving, or refinancing, to the extent the transaction which underlies it is in accordance with PBI 17/3; and/or(b) it constitutes foreign currency liability with respect to project financing which will be due within the next six months to the extent secured by offshore debt drawdown in foreign currency where the schedule of such drawdown is adjusted to the payable foreign currency liabilities and the transaction activities are in accordance with PBI 17/3. These two points must be proven by sufficient supporting documentation. SEBI 16/24/DKEM determines that only corporations that have negative difference of more than US$100,000 are obliged to fulfill the minimum hedging requirement. In addition, PBI 16/21 which became effective in 2017 also stipulates that hedging transactions for the fulfillment of the minimum hedging requirement shall be conducted with banks in Indonesia.

With respect to the minimum liquidity requirement, non-bank corporations that have offshore debt in foreign currency are also required to comply with the minimum liquidity ratio of at least 70% by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter. The minimum liquidity ratio, which was previously 50%, became 70% on January 1, 2016.

Pursuant to PBI 16/21, any non-bank entities that obtain an offshore debt in a foreign currency is required to maintain the minimum credit rating at BB- or its equivalent rate from a particular rating agency recognized by Bank Indonesia. The credit rating must be valid rating to the corporation (issuer rating) and/or bond (issue rating) in accordance with the type and period of the relevant foreign currency offshore debt. Such rating shall be valid for two years from the rating issuance date. Pursuant to PBI 16/21, a corporation may use their parent company credit rating if (i) such corporation enters into an offshore debt in foreign currency with its parent company, or if the offshore debt is guaranteed by the parent company, or (ii) such corporation is a newly established corporation with a maximum three years since the corporation begins its commercial operation. The requirement to fulfill the minimum credit rating requirement is exempted for (i) the refinancing of offshore debt in foreign currency (such exemption is limited to refinancing which does not increase the outstanding amount of the previous debt or if it increases, such increase shall not exceed (a) US$2.0 million (or its equivalent) or (b) 5% of the outstanding of such refinanced debt if such 5% figure is higher than US$2.0 million (or its equivalent); (ii) offshore debt in foreign currency for infrastructure project financing derived (a) all from an international bilateral/multilateral lending agency or (b) from syndications loan where more than 50% of the contribution comes from international bilateral/multilateral institutions; (iii) offshore debt in foreign currency for central or regional government infrastructure project financing; (iv) offshore debt in foreign currency which is secured by international bilateral/ multilateral institutions; (v) offshore debt in foreign currency in form of trade credits; (vi) offshore debt in foreign currency in form of other loans; (vii) offshore debt in foreign currency by a finance company (a business entity which conducts financing activities for the procurement of goods and services) to the extent (a) such finance company has minimum financial soundness of "healthy" as lastly issued by OJK; or (b) such finance company fulfills the maximum gearing ratio as regulated by OJK; or (viii) offshore debt in foreign currency by Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank). Non-bank corporations that have offshore debt in foreign currency are obliged to submit report to Bank Indonesia on the implementation of prudential principles and the exemptions, together with the relevant supporting documents. Non-compliance of the requirements will be subject to administrative sanction in the form of warning letter. PBI 16/21 does not specify any other sanction in the event the non-bank corporations ignore an issued warning letter. However, Bank Indonesia may inform related parties, such as relevant offshore creditors, the Ministry of State-Owned Companies (for state-owned non-bank corporations), the Ministry of Finance on behalf of Directorate General of Tax, OJK and the Indonesian Stock Exchange (the "IDX") (for publicly listed non-bank corporations) on the implementation of administrative sanctions. PBI 16/21 became effective as of January 1, 2015, with exceptions for the implementation of (i) the administrative sanction requirement, which became effective starting from the delivery of the fourth quarter report of 2015, and (ii) the minimum credit rating requirement, which applies to offshore debt that is signed or issued on or after January 1, 2016.

On December 23, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/23/PBI/2015 to amend Bank Indonesia Regulation No. 16/10/PBI/2014 on Foreign Exchange Export Revenue and Drawdown of Offshore Debt which was issued on May 14, 2014 ("PBI 16/10/2014"). PBI 16/10/2014 revokes and replaces Bank Indonesia Regulation No. 13/22/PBI/2011 and Bank Indonesia Regulation No. 14/25/PBI/2012. On April 6, 2015, Bank Indonesia issued Bank Indonesia Circular Letter No. 18/5/DSta on the Receipt of Offshore Debt to revoke and replace Bank Indonesia Circular Letter No. 16/10/DSta dated May 26, 2014 on Drawdown of Offshore Debt, as the implementing regulation of PBI 16/10/2014. Based on PBI 16/10/2014, any drawdown from offshore debt (in foreign currencies) originating from (i) a non-revolving loan agreement (including offshore debt originating from a difference between the refinanced debt and the previous debt) or (ii) offshore debt securities (including acknowledgements of debt which are tradable in domestic or international financial and capital markets, among others, in the form of bonds, medium term notes, floating rate notes, promissory notes and commercial papers) must be withdrawn through foreign exchange banks (which include offshore bank

branches in Indonesia) and must be reported to Bank Indonesia with the relevant supporting documents. The aggregate face amount of the offshore debt should be equal to the local commitments provided under such debt and every receipt of offshore debt through a foreign exchange bank should be equal to each offshore debt withdrawal. In the event that the aggregate face amount of the offshore debt is less than the local commitments by an amount in excess of Rp. 50 million (or its equivalent in foreign currencies), the borrower must submit a written explanation and sufficient supporting documentation to Bank Indonesia before the expiration of the term of such debt. In the event that each amount of offshore debt received through foreign exchange bank is less than the amount of each offshore debt withdrawal, such amount of offshore debt received through foreign exchange bank will be deemed equal to the amount of each offshore debt withdrawal if the borrower submits sufficient supporting documents to Bank Indonesia. Withdrawals of the above offshore debt must be reported to Bank Indonesia monthly using the recapitulation data report as regulated under SEBI 15/16/DInt. These reports shall include supporting documents proving that the proceeds of offshore debt were withdrawn from the foreign exchange bank. Administrative sanctions will be imposed on companies that fail to comply with such reporting obligations.

With respect to the foregoing reporting obligations to Bank Indonesia, Bank Indonesia may impose sanctions, as follows:

(1) any (i) delay and failure to submit and (ii) incompleteness and/or inaccuracy of information on a foreign exchange report on offshore debt plan may result in an administrative sanction in the form of a warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia;

(2) any incompleteness and/or inaccuracy of information on the KPPK Report may result in an administrative sanction in the form of penalty at the amount of Rp. 500,000 per incompleteness and/or inaccuracy;

(3) any delay to submit the KPPK Report (whether non-attested or attested), including its supporting documents and financial statements (except for information on credit rating), may result in an administrative sanction in the form of a penalty in the amount of Rp. 500,000 per day of delay, provided that the maximum amount of penalty imposed will not exceed Rp. 5 million;

(4) any failure to submit the KPPK Report (whether non-attested or attested), including its supporting documents and financial statements (except for information on credit rating), may result in an administrative sanction in the form of a penalty in the amount of Rp. 10 million;

(5) in addition to a penalty, an administrative sanction in form of a warning letter and/or notification to the relevant authority or institution may be issued by Bank Indonesia for any delay and failure to submit the KPPK Report (whether non-attested or attested), including its supporting documents and financial statement (except for information on credit rating);

(6) any delay and failure to submit information on credit rating may result in an administrative sanction in the form of a warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia; and

(7) any failure to comply with the obligation to withdraw the offshore debt through a foreign exchange bank in Indonesia may result in an administrative sanction in the form of a penalty of 0.25% (zero point two five percent) of the withdrawal amount which did not pass through a foreign exchange bank in Indonesia, provided that the maximum penalty imposed will not exceed Rp. 50 million.

Periodic Reports

Publicly listed companies are required by OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuer or Public Companies as implemented by OJK Circular Letter No. 30/SEOJK.04/2016 on Format and Content of Annual Report of Issuer or Public Companies (the "OJK Regulation") to periodically submit financial

reports, including annual financial statements and semi-annual financial statements pursuant to Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements. OJK replaced and assumed the function, duty and authority of the Indonesian Capital Markets and Financial Supervisory Agency (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*) (or "Bapepam-LK") effective July 5, 2011. In addition, the IDX requires publicly listed companies to submit annual and interim (quarterly) financial statements pursuant to IDX Regulation No. I-E on Obligations of Information Submission ("IDX Regulation No. I-E"). Under Law No. 40 of 2007 regarding Limited Liability Company, the board of directors must submit an annual report to a General Meeting of Shareholders. Pursuant to OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies ("OJK Regulation No. 31/2015") and IDX Regulation No. I-E, publicly listed companies are required to report to OJK and the IDX and are required to announce any material public information or facts that may affect the price of securities or investors' decision to the public, no later than two business days after the event has occurred. Further, pursuant to OJK Regulation No. 31/2015, the announcement shall include the following: (i) the date of the event, (ii) the types of material information, (iii) a description of the material information, and (iv) the impact caused by such material information. Publicly listed companies are also required to submit an annual report to OJK and IDX consisting of a summary of material financial data, information on shares (if any), the Board of Directors' and Board of Commissioners' report, company profile, management analysis and discussion, corporate governance, corporate social and environmental responsibility, audited annual financial statements and statement letter on the responsibilities of the Board of Directors and the Board of Commissioners in relation with the content in the annual report pursuant to OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies and IDX Regulation No. I-E. The annual report must be submitted to OJK and IDX no later than four months following the end of a financial year.

Language of the Transaction Documents

Pursuant to Article 31 of Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on July 9, 2009 ("Law No. 24/2009"), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia; however, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. There exists substantial uncertainty on how Law No. 24/2009 will be interpreted and applied, and it is not certain that an Indonesian court would permit the English version to prevail or even consider the English version. The Indenture (as defined herein) and other documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia. However, there can be no assurance, in the event of inconsistencies between the Bahasa Indonesia and English Language version of those documents, an Indonesian court would hold that the English versions of such documents prevail. Furthermore, a translation from English to Bahasa Indonesia may not accurately reflect the original intent of the parties.

On December 28, 2009, the Ministry of Law and Human Rights of the Republic of Indonesia issued Letter No. M.HH.UM.01.01-35 regarding the Clarification for Implication and Implementation of Law No. 24/2009 (the "MOLHR Clarification Letter") in connection with Article 31 of Law No. 24/2009, which clarified the use of Bahasa Indonesia pursuant to Law No. 24/2009. The MOLHR Clarification Letter stipulates that, even if an agreement between Indonesian private entities (*lembaga swasta Indonesia*) is executed in English, such agreement should not violate the provisions of Article 31 of Law No. 24/2009. As the basis for this analysis, the MOLHR Clarification Letter references to Article 40 of Law No. 24/2009, which states that the use of Bahasa Indonesia, including for the purpose of Article 31 of Law No. 24/2009, shall be further regulated by Presidential regulations. Pursuant to the MOLHR Clarification Letter, until further implementing regulations of Article 31 of Law No. 24/2009 have been issued, an agreement between Indonesian private entities that is executed in English should not be deemed to have violated the provisions of Article 31 of Law No. 24/2009. On July 7, 2014, the Government issued an implementing regulation ("Government Regulation 57/2014") to give effect to certain provisions of Law No. 24/2009. Government Regulation 57/2014 focuses on the promotion and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although

versions in other languages are also permitted). Hence, pursuant to the MOLHR Clarification Letter, any agreement that is executed in English without a Bahasa version is still legal and valid, and does not violate Article 31 of Law No. 24/2009. However, this letter was issued only as an opinion and does not fall within the types and hierarchy as stipulated in Article 7 of Law No. 12 of 2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar (the "June 2013 Decision"), which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" requirement and was void from the outset, meaning that a valid and binding agreement had never existed. Then, the defendant appealed to the Jakarta High Court. On December 4, 2014, the Jakarta High Court released Decision No. 662/Pdt/2014/PT.DKI which rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety. In its judgment, the Jakarta High Court believed the District Court of West Jakarta's judgment was correct and accurate.

Further, on October 23, 2015, the Indonesia Supreme Court through its decision No. 1572 K/Pdt/2015 again affirmed the two lower court decisions reached by the Jakarta High Court and West Jakarta District Court, which stated the loan agreement between Nine AM Ltd and PT Bangun Karya Pratama Lestari was annulled (null and void). The Supreme Court found that an agreement made only in the English language is null and void since it violates Article 31 (1) of Law No. 24/2009 and clauses stipulated in Articles 1335 and 1337 of the Indonesian Civil Code. The annulment of the loan agreement resulted in the annulment of the fiduciary agreement, which was an accessor agreement, as well. Indonesian court decisions are generally not binding precedents and do not constitute a source of law at any level of the judicial hierarchy, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, there can be no assurance that a court will not, in the future, issue a similar decision to the June 2013 Decision in relation to the validity and enforceability of agreements that are made only in the English language. On January 15, 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession ("Notary Law") was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language, but in the event of different interpretations as to the content of the deed, the Indonesian language deed shall prevail.

We will execute dual English and Bahasa Indonesia versions of all transaction agreements to which the Guarantors are party. All of these documents will provide that in the event of a discrepancy or inconsistency, the parties intend the English version to prevail other than Indonesian Deeds of Guarantee. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, there can be no assurance that the terms of the Notes and the Guarantees, including the Indenture, will be as described in the Offering Circular, or will be interpreted and enforced by the Indonesian courts as intended.

SUMMARY

The following summary is qualified in its entirety by the more detailed information and the consolidated financial statements of the Company appearing elsewhere in this Offering Circular. Certain oil and gas and other terms are defined under "Glossary." Prospective investors should carefully consider the information set forth in "Risk Factors" and the financial statements and related notes thereto included in the Offering Circular prior to making an investment decision with respect to the Notes. To understand the terms of the Notes, you should carefully read the section of this Offering Circular entitled "Description of the Notes" prior to making an investment decision with respect to the Notes.

Overview

We are an integrated energy and natural resources company operating through our core oil and gas exploration and production business, power generation business and significant investments in mining. We are the largest independent publicly listed oil and gas exploration and production company in Indonesia based on market capitalization. In addition, based on a peer analysis conducted by Wood Mackenzie, we are the largest upstream oil and gas exploration and production company among our Peer Group as of and for the year ended December 31, 2017 based on proved and probable reserves and production in Asia (our Peer Group refers to the group of peers identified by Wood Mackenzie, consisting of independent exploration and production companies with a noteworthy proved and probable reserves and production footprint in South and South East Asia). These consist of PT Saka Energi Indonesia, PT Energi Mega Persada Tbk., Ophir (which we are acquiring pursuant to the Acquisition described herein), Premier Oil plc and KrisEnergy Ltd. We primarily focus on our activities in Indonesia, and also have oil and gas operations in the Middle East and North Africa.

The Ophir Acquisition

On January 30, 2019, the Parent Guarantor and the boards of directors of our wholly owned subsidiary, MEG, and Ophir, reached an agreement on the terms of a recommended cash offer made by MEG, to acquire the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). On March 20, 2019, the Parent Guarantor and the boards of directors of MEG and Ophir announced that we had reached agreement on the terms of an increased recommended all cash offer by MEG. Ophir is an independent upstream oil and gas exploration and production company, with a diversified portfolio of producing, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 and has been listed on the London Stock Exchange since 2011. In September 2018, Ophir completed the purchase of the Santos Producing Assets in Southeast Asia. Ophir has a production and development business with net proved and probable reserves of 70.1 MMBOE as of December 31, 2018 and with average daily production for 2018 of 29.7 MBOE/d (on a pro forma basis including production for the full year 2018 from the Santos Assets).

The consideration payable in connection with the Acquisition values the entire issued and to-be-issued share capital of Ophir at approximately £408.4 million (US$539.2 million), with a cash offer price of 57.5 pence per share. The Acquisition is being implemented by way of a court-sanctioned Scheme of Arrangement. Approval of the Scheme of Arrangement by a majority in number representing 75% of relevant Ophir shareholders present and voting (either in person or by proxy), was obtained on March 25, 2019. We expect the Scheme of Arrangement to become effective during the first half of 2019.

We believe that a combination between our business and Ophir creates a leading independent exploration and production player in Southeast Asia with significant scale and cash flows. According to a peer analysis conducted by Wood Mackenzie, assuming the combination of our business and Ophir as of December 31, 2018, we (together with the reserves and production of Ophir) would have had the highest level of estimated commercial and technical reserves in Southeast Asia and North Asia among a selected peer group, consisting of

independent exploration and production companies with similar reserves in North and Southeast Asia, including Hess, Eni, Repsol, Total and Murphy. We believe the combined business will have greater reserves, contingent resources and production, a wider geographic footprint for future opportunities and a more balanced regional portfolio of producing and development assets. We also believe that there is significant potential to improve operational efficiencies given our onshore and offshore operations and experience in managing mature assets.

Assuming the combination of our production and reserves with those of the Ophir Group, on a pro forma basis for 2018 (including production for the full year 2018 from the Santos Producing Assets), combined production for 2018 would have been 108 MBOE/d, net proved and probable reserves of approximately 366 MMBOE and proved and probable contingent resources of 1,013 MMBOE.

Overview of Our Current Business

We have achieved significant milestones since 2016. We believe that 2016 was a transformational year for our business. We achieved key milestones in our oil and gas business through, among other things, our acquisition of an interest in, and becoming the operator of, the South Natuna Sea Block B and the associated WNTS, increasing our interest in Block A, Aceh to 85%, obtaining a 10-year extension of, and increasing our interest to 100% in, the Lematang PSC in South Sumatra and receiving estimation or assessment of an additional 880 BCF of gross 100% field 1C contingent resources of gas compared to GCA's assessment in 2014 at the Senoro-Toili PSC. We also entered the copper and gold mining sector through our acquisition of a significant indirect interest in AMNT, which operates the Batu Hijau mine, a very large, established open pit mining and processing operation on the island of Sumbawa in Indonesia, processing about 42 Mtpa of ore per annum to produce copper and gold concentrates.

In 2017, we continued to successfully integrate previous acquisitions, including the acquisition of our interest in South Natuna Sea Block B and improve our cost structure. In October 2017, we increased our stake in MPI, which operates in the power generation sector as an IPP and O&M provider as well as in the geothermal sector, from 49% (which we hold directly) to an effective interest of 88.62% by purchasing 77.68% of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. PT Medco Power Internasional holds a 51% interest in MPI. In August 2017, we also completed the US$400 million offering of Senior Notes due 2022 and in January 2018 we completed the US$500 million offering of Senior Notes due 2025, in each case refinancing a significant portion of our indebtedness. We also continued to deleverage and completed a rights offering in 2017 which raised proceeds of approximately US$195 million and also issued the Warrants, which are exercisable between July 2018 and December 2020, the proceeds of which we expect to use for, among other things, repayment of indebtedness and/or working capital of the Parent Guarantor and its subsidiaries. From July 1, 2018 to December 31, 2018, 100.4 million Series I Warrants Exercise Window I were converted to 100,424,134 Shares with total proceeds amounting to Rp. 62.8 billion (US$4.4 million). In addition, the holding companies for our mining joint venture, AMNT, have repaid certain indebtedness, which has resulted in the discharge of our parent guarantee with respect to their indebtedness. In September 2017, we entered into an agreement with the other existing indirect shareholder of MPI, the International Finance Corporation, which holds the remaining 11.4% interest in MPI, for it to increase its shareholding in MPI to an effective 22.5%. This transaction is expected to close in the second or third quarter of 2019.

We have significantly improved our organizational cost structure. Our full year unit cash production cost has been significantly reduced to US$8.7/BOE in 2018, US$9.1/BOE in 2017 and US$8.8/BOE in 2016 compared to US$12.3/BOE in 2015 and US$15.4/BOE in 2014. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions and smaller scale granular opportunities, such as travel and training budgets. We currently are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 and to realizing synergies across the enlarged portfolio including assets held by the Ophir Group.

We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing. We also have interests in oil and gas properties in four countries outside of Indonesia, namely Tunisia, Yemen, Libya and Oman. In Indonesia, our blocks are held under production sharing arrangements with SKK MIGAS, Indonesia's national upstream oil and gas regulator. Under these production sharing arrangements, we are entitled to recover our costs and earn an agreed after-tax share of the production once the block is declared commercially exploitable by SKK MIGAS.

We plan to continue to strengthen our producing assets portfolio by the phased development and monetization of our existing portfolio of discovered gas assets. We aim to bring our projects on-stream on time and within budget, particularly our Block A, Aceh block, which is our most advanced development in Indonesia. First gas production and gas deliveries under the Block A, Aceh take-or-pay backed, fixed-price domestic contract commenced in 2018. We are currently focusing on Senoro-Toili Phase II where the investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Our operations at Senoro-Toili Phase I are fully contracted under off-take agreements both for the upstream and downstream sectors. Concurrently we plan to continue with the development of the Ophir Group's projects under development, including Bualuang phase IV in Thailand and Meliwis in Indonesia. Going forward, we expect that a larger percentage of our production (excluding the assets acquired in the Acquisition) will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC, are in mature stages of production.

In 2018, our oil and gas production split was 39% oil and 61% gas (including production under our Oman service contract). Of the gas production, 45% was sold under fixed price contracts to PLN, the Indonesian state electricity generator, Pertamina (the national oil company of Indonesia) and Pusri (an Indonesian fertilizer producer wholly owned by the Government). Currently, our (excluding Ophir) remaining gas production is sold to Sembgas, Petronas or indirectly pursuant to LNG contracts to KOGAS, Chubu Electric Power Co. Inc and Kyushu Electric Power Co. Inc. Our gas off-takers include blue chip customers with strong credit profiles.

In addition to our core oil and gas business, we operate in power generation and have a significant investment in mining. Through MPI, we operate in the power generation sector in Indonesia. MPI is an IPP and O&M provider. In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% of the shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. MPI promotes a green energy platform and has interests in gas-fired power plants, geothermal energy and hydro-electricity. Established in 2004, MPI owns and operates 10 power plant assets with a total gross capacity of over 645 MW comprising of 297 MW of gas-fired power plants located in Batam and Sumatra island, the 330 MW Sarulla geothermal power plant in North Sumatra and 18 MW of mini hydro power plants in West Java. MPI is currently developing a 275 MW gas-fired power plant in Riau province and a 110 MW geothermal power plant in Ijen, East Java. MPI also operates a power plant with a total capacity of 2,174 MW including 1,320 MW through a long-term O&M contract for the Tanjung Jati B power plant in Jepara, Central Java. MPI through its subsidiaries was also appointed as operator for the 330 MW Sarulla geothermal power plant and TM2500 truck-mounted, gas-fired power plants aggregating 500 MW across eight locations throughout Indonesia and conducted full life inspection on 24 MW gas-fired power Tanjung Batu Mahakam sector. In late 2018, PT Mitra Energi Batam ("MEB"), together with EPC partners Barata Indonesia and Dalle Engineering Construction, signed a contract with PLN for a 40 MW gas-fired power plant in Luwuk for providing O&M services for five years starting in September 2019. Going forward, MPI plans to continue to grow in the clean energy sector as an IPP (natural gas, geothermal and other renewables-based energy), as well as grow its O&M business.

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we made our investment in November 2016 together with a joint venture partner, API. AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession

covers an area of 25,000 hectares, which includes the Elang copper and gold resource and several exploration prospects including Lampui, Rinti, Batu Balong, Nangka and Teluk Puna.

As of December 31, 2018, our estimated gross working interest proved and probable reserves was 281.7 MMBOE. We had proved developed reserves of 192.6 MMBOE, 180.9 MMBOE, 186.7 MMBOE, 177.2 MMBOE and 189.9 MMBOE as of December 31, 2014, 2015, 2016, 2017 and 2018, respectively. We produced approximately 30.8 MBOPD, 35.1 MBOPD and 32.8 MBOPD of oil and condensate and approximately 205.9 MMSCFD, 278.0 MMSCFD and 279.2 MMSCFD of natural gas in 2016, 2017 and 2018, respectively. As of December 31, 2018, AMNT had 4.0 million ounces of proven and probable gold reserves including about 1.0 million ounces of gold stockpiles and 4.2 billion pounds of proven and probable copper reserves including 2.0 billion pounds of copper stockpiles. In 2017 and 2018, AMNT had gold sales of 491.9 thousand ounces and 68.1 thousand ounces and had copper sales of 330.6 million pounds and 130.2 million pounds, respectively. In 2018, MPI as an IPP produced 2,704 GW of power and in its O&M business produced 10,674 GW of power. As of December 31, 2018, MPI had installed capacity as an IPP of 645 MW and in its operations and maintenance business services of 2,174 MW, and its IPP pipeline and O&M business pipeline were 1,865 MW and 1,575 MW, respectively.

For the years ended December 31, 2016, 2017 and 2018, our total sales and other operating revenues were US$561.9 million, US$905.1 million and US$1,218.3 million, respectively, and EBITDA was US$262.7 million, US$429.3 million and US$582.0 million, respectively.

We were established in 1980 as an Indonesian drilling contractor and have grown substantially since becoming an oil and gas exploration and production company in 1992. In particular, we expanded our exploration and production activities with our acquisition of an interest in the Rimau block in 1995, followed by the subsequent discovery of the Kaji and Semoga oil fields in the same block in 1996. In 1995, we acquired all of Stanvac Indonesia's shares from Exxon/Mobil. Since January 2000, we have acquired interests in additional blocks both within and outside of Indonesia. We entered the power producing business in 2004 by forming MPI and its associated brand and entered the copper and gold mining sector through our interest in AMNT in 2016.

Our registered and principal executive office is located on the 53rd floor of The Energy Building, SCBD Lot 11A, Jl. Jend. Sudirman, Jakarta 12190, Indonesia.

Competitive Strengths

A leading regional exploration and production company

We are the largest independent publicly listed oil and gas exploration and production company in Indonesia based on market capitalization. In addition, based on a peer analysis conducted by Wood Mackenzie, we are the largest upstream oil and gas exploration and production company among our Peer Group as of and for the year ended December 31, 2017, based on proved and probable reserves and production in Asia (our Peer Group refers to the group of peers identified by Wood Mackenzie, consisting of independent exploration and production companies with a noteworthy proved and probable reserves and production footprint in South and South East Asia. These consist of PT Saka Energi Indonesia, PT Energi Mega Persada Tbk., Ophir (which we are acquiring pursuant to the Acquisition described herein), Premier Oil plc and KrisEnergy Ltd. As of December 31, 2018, our estimated gross working interest proved and probable reserves were 281.7 MMBOE. We are currently either the operator or joint operator of each of our blocks in Indonesia, where our in-country geographic diversity, experience and size allow us to control or significantly influence and optimize the pace of exploration, development and the associated capital expenditure at each block.

We believe our large portfolio of blocks offers a diversification of the risks associated with the management of reserves, production and exploration opportunities. We have interests in 10 oil and gas properties in Indonesia,

eight of which are currently producing, and in oil and gas properties in four countries outside of Indonesia, namely the Tunisia, Yemen, Libya and Oman. The majority of our reserves, 65% of our gross working interest proved and probable reserves as of December 31, 2018 are located in Indonesia. We produced approximately 30.8 MBOPD, 35.1 MBOPD and 32.8 MBOPD of oil and condensate and approximately 205.9 MMSCFD, 278.0 MMSCFD and 279.2 MMSCFD of natural gas in 2016, 2017 and 2018, respectively.

In addition, we believe that a combination between our business and Ophir creates a strong independent exploration and production player in Southeast Asia with significant scale and cash flows. According to a peer analysis conducted by Wood Mackenzie, assuming the combination of our business and Ophir as of December 31, 2018, we (together with the reserves and production of Ophir) would have had the highest level of estimated commercial and technical reserves in Southeast Asia and North Asia among a selected peer group, consisting of independent exploration and production companies with similar reserves in North and Southeast Asia, including Hess, Eni, Repsol and Murphy. We believe the combined business will have a greater scale in reserves, contingent resources and production, a wider geographic footprint for future opportunities and a more balanced regional portfolio of producing and development assets.

We believe that we can leverage our position as a leading Indonesian oil and gas company to access, review and, if desirable, competitively bid for and acquire both domestic and international blocks. Moreover, we believe our reputation, together with our financial and operational strength, allows us to competitively access domestic and international funds through our banking relationships and/or capital markets to fund both project development and, if needed, acquisitions.

Stable cash flows from long-term gas sales agreements with blue-chip customer base

We benefit from relatively stable cash flows, particularly from sales of our domestic gas production where we benefit from long-term GSAs that provide consistent revenue streams and, to a certain extent, hedge us from the effects of oil price volatility. Gas prices under our domestic gas GSAs are fixed in US$/MMBTU with an application of a relatively small escalation factor (typically 2.5% to 3.0% per annum). Therefore our revenue from natural gas sales is not subject to as much price volatility as our oil revenues. Some of our export contracts contain pricing linked ultimately to oil prices, such as the Senoro GSA and approximately half of our production under the South Natuna Sea Block B GSA. In particular, as of December 31, 2018, gross volumes from all of our 825 BCF of gross proved and probable gas reserves were commercially committed for sale through long-term contracts, with sales through such contracts representing 30%, and 50% of our total revenues in 2017 and 2018, respectively. Of this, for 2018, 55% of gas revenue was sold through fixed price gas contracts with the remaining gas revenue sold under oil-linked prices. In addition, most of our GSAs, including both fixed-domestic and oil-linked-export GSAs, have take-or-pay protections, pursuant to which, if a buyer is unable to absorb the agreed supply during a period (typically over twelve months) then the buyer will have to pay a portion (usually in the range of 80% to 90%) of the total contracted supply for the period. The revenue contribution from GSAs has increased in recent years and we expect will continue to increase as a percentage of our revenue in 2019, especially with the first gas being sold under our fixed-price GSA for the Block A, Aceh gas development having commenced in 2018.

We expect to continue to leverage this strength following completion of the Acquisition. We believe that similar to our business, a significant percentage of Ophir's gas sales are made pursuant to fixed price contracts. As a result, we believe that Ophir's gas sales are not as impacted by movements in commodity prices as oil sales.

In addition, our gas off-takers include blue chip customers with strong credit profiles, including domestic companies such as Pertamina, PGN and PLN, and large international customers such as SembCorp and Petronas each of whom have demonstrated solid payment histories. Ophir's gas off-takers also include blue chip customers including PGN and PLN.

Competitive cost structure and low cost exploration and production producer

We have significantly improved our organizational cost structure. Our full year unit cash production cost has been significantly reduced to US$8.7/BOE in 2018, US$9.1/BOE in 2017 and US$8.8/BOE in 2016 compared to US$12.3/BOE in 2015 and US$15.4/BOE in 2014. This cost reduction has been achieved through a number of efficiency initiatives including (i) changing operating modes, such as revising crew rotation schedules and outsourcing certain non-core activities such as security services, housekeeping and others; (ii) optimizing existing operations and relationships, such as vendor renegotiations to capture deflation and sharing infrastructure with neighboring operators; and (iii) reassessing all operations to apply "fit-for-purpose" methodologies, such as rescheduling planned maintenance and engine exchanges. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions, to smaller scale granular opportunities, such as travel and training budgets. We are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 by continuing to implement our cost efficiency measures and aim to realize synergies across the enlarged portfolio including assets held by the Ophir Group. While cost and efficiency are important, we continue to focus on minimizing risks to employee and contractor safety and promoting production uptime and environmental performance.

We believe that our cost structure assists in extending the economic life of producing blocks and provides stronger operating margins in a given oil price environment, and is particularly beneficial in maturing fields as volumes inevitably decline. A lower cost structure also allows for economic reserve growth and PSC life extension at lower capital cost levels. We plan to leverage this experience following completion of the Acquisition as we integrate Ophir's assets. We believe that there is significant potential to improve operational efficiencies given our onshore and offshore operations and experience in managing mature assets.

Long-standing track record of executing, integrating and operating complex projects

We have a successful track record of project development in Indonesia, which makes us an attractive and reliable partner for both state-owned and foreign operators. We believe we are a reliable local partner for foreign companies due to our ability to navigate Indonesian regulatory and institutional risk. We are also a reliable partner for state-owned entities because of our access to foreign capabilities and expertise.

Our development of both the Senoro gas field (with Pertamina as the joint operator) and the DSLNG joint venture are examples of both such partnerships. DSLNG is the first project in Indonesia to use an upstream-downstream LNG structure whereby the downstream LNG business is set up as a separate business entity from the upstream business activity, our Senoro gas field. This innovative structure enabled significant savings in procurement and scheduling. Our involvement in the downstream gas sector is through DSLNG, a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. In 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by a third party compared to the third party's assessment in 2014.

We have also proven our ability to successfully close and integrate new acquisitions. In 2016, we acquired our interest in, and become the operator of, the South Natuna Sea Block B and the associated West Natuna Transportation System. After becoming the operator of the South Natuna Sea Block B, we retained the majority of the existing Indonesian management team and work force of the PSC, which assisted in the integration process and maintaining production at the block. In 2016, with our joint venture partner, we also financed and obtained the complex regulatory and government approvals necessary for the successful acquisition of the gold and copper concession containing the Batu Hijau mine.

In addition, we have historically been successful in obtaining extensions for all of our PSCs prior to expiry. For example, most recently in 2016, we obtained extensions for the Lematang PSC until 2027 and the extension of exploration period for the South Sokang PSC until 2020, and prior to that in 2010, we obtained 20-year extensions for the Block A, Aceh and South Sumatra PSCs.

We believe that our successful involvement in such projects with both state-owned and foreign operators, as well as our track record in securing extensions of, and acquiring interests in, PSCs and concessions, provides us with a competitive advantage to continue to be the partner of choice for both state-owned and foreign operators. We also believe that our successful involvement in such projects provides us with an advantage as we plan to continue with the development of the Ophir Group's projects under development, including Bualuang Phase IV in Thailand and Meliwis in Indonesia, after the effectiveness of the Acquisition.

Diversified portfolio of energy and natural resources related businesses and investments

In addition to our core oil and gas operations, we have diversified our business through our power business and our investment in mining.

We operate in the power business through MPI. MPI is an IPP and O&M services provider, and is a sizeable clean and renewable power platform in Indonesia. In the geothermal energy sector, MPI (jointly with its partners) owns a 3x110 MW geothermal power plant in Sarulla, North Sumatra, where the commercial operation of the third and final unit commenced in May 2018. MPI was also appointed as operator under the O&M contract for the Sarulla project. The Sarulla project is one of the largest single-contract geothermal projects in the world.

MPI has a track record in power plant development and O&M servicing. MPI owns and operates seven gas-fired power generation assets with a total gross capacity of over 297 MW. MPI is currently developing its 275 MW gas-fired power plant project and 2x55 MW geothermal power plant project, and has a long-term O&M contract for the Tanjung Jati B power plant in Jepara, Central Java. MPI has stable cash flows from its growing O&M business and long-term minimum off-take backed PPAs with PLN from its IPP portfolio.

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we acquired our interest in November 2016. AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession covers an area 25,000 hectares include the Elang copper and gold resource and several exploration prospects. AMNT was established under a contract of work expiring in 2030, which is extendable up to 20 years. Mining at Batu Hijau was previously focused on ore production from Phase 6, which was completed during 2017. We and our partner have begun the development of Phase 7 and intend to complete a smelter project to realize procurement savings. Current mining at Batu Hijau is focused on stockpile processing and development of Phase 7. Overburden removal for Phase 7 commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years. During this hiatus in ex-pit ore production, Batu Hijau will raise capital and feed its processing plant from existing long-term stockpiles in order to generate cash for operating activities. We believe that AMNT's business and external sources of funding will be sufficient to fund its capital expenditure going forward and we do not expect to make cash contributions to AMNT. AMNT's IUPK (*Ijin Usaha Pertambangan Khusus* — Special Mining Permit) also includes at least six prospective reserves. The Elang copper-gold resource is the largest of the resources and is situated approximately 60 kilometers east of the Batu Hijau mine. AMNT intends to develop plans to evaluate the Elang resources during its ongoing discussions with the Government.

In the short to medium term, we expect that AMNT will undertake a domestic-focused initial public offering, with the proceeds potentially being used for, among other things, the development of a smelter and the Batu Hijau mine.

In addition, after the effectiveness of the Acquisition, we expect to have more geographical diversity in our core oil and gas business with the addition of key producing assets in Thailand and Vietnam.

Well-positioned to leverage the favorable growth outlook for gas and power markets in Indonesia

Gas

Indonesia's gas market is expected to continue to expand to support the growing economy. Wood Mackenzie expects Indonesia's gas demand to increase by approximately 0.8 BCF/D between 2018 and 2028, corresponding to a CAGR of 2.1%; as piped gas production declines, share of LNG will grow strongly. In the longer-term, Wood Mackenzie expects gas demand to accelerate and increase by approximately 2.3 BCF/D between 2028 and 2038, corresponding to a CAGR of 4.5%. This robust growth is supported by consistent GDP increases and corresponding growing demand from the industrial and power sectors.

In addition, the Government has introduced policies designed to promote the use of alternative fuels, including domestic natural gas, given the strong economic, environmental and budgetary incentive to do so.

We believe we are well-positioned to capitalize on recent new regulations, such as the MEMR regulation No. 11/2017 on the use of natural gas for the power sector to reduce the regulatory hurdles and time taken to develop IPPs to allow synergies between gas and LNG portfolios.

Power

Indonesia has one the lowest levels of power demand per capita in South East Asia. Programme Indonesia Terang (PIT) was launched in March 2016 and aims to develop more renewable energy power plants in rural areas, mostly located in East Indonesia. The program aims to increase the overall national electrification rate from 85% in 2015 to 97% by 2019 according to Wood Mackenzie. In January 2015, the Government announced the next wave of new power plant developments, comprising 35 GW of capacity across Indonesia. The 35 GW program comprises 109 power plants, targeting around 56% of the new capacity to be coal-fired, with the remaining to comprise of gas (37%) and renewables (7%). PLN will develop 11 GW of the capacity, and the remaining 26 GW is expected to be developed by IPPs. These additional power plants are needed to meet growing electricity demand.

MPI is a significant IPP and O&M provider in the Indonesia power market. According to Wood Mackenzie, in North Sumatra and West Java (in terms of new build plants with a capacity below 200 MW) MPI is associated with one of the greatest number of power plants and total available capacity. We believe MPI has a strong reputation in the power sector in Indonesia. In 2018, MPI's subsidiary, Mitra Energi Batam (MEB) won awards at the Best Electricity Award (IBEA) 2018 ceremony in November 2018 under the category "The Best Power Plant 10 – 100 MW" and MPI was awarded "The Best Clean and Renewable Company". In addition, MPI's subsidiaries, Medco Geothermal Sarulla and Tanjung Jati B Power Services, were in the top five in the "The Best O&M Company" category and Energi Listrik Batam was the finalist for "The Best IPP < 200 MW" category . We believe that **by having a strong portfolio and** reputation in the power sector in Indonesia, MPI is well-positioned to benefit from expected growth in the power sector and that our interest in MPI allows us to vertically integrate and effectively and quickly monetize some of our existing gas discoveries.

Experienced management team with a successful exploration and development record

We benefit from an experienced board of directors and senior management team with significant experience in oil and gas exploration and production both in and outside of Indonesia. Our management team includes oil and gas professionals with experience at large multi-national corporations such as Premier Oil, Hess, BP, ENI and ConocoPhillips.

In addition, our board of commissioners has significant experience working with regulators and government institutions, which is evidenced by our success with our PSC renewals and our ability to partner with state-owned operators on significant projects or in jointly operating PSCs. Furthermore, we value good corporate governance and our board of commissioners includes two independent commissioners.

Furthermore, our management team has familiarity with certain key Ophir assets. One of our senior international operations executives was previously the president director of Salamander Energy plc in Indonesia (which was acquired by Ophir) and several of our board members were previously with Premier Oil, which is the operator of Block 12W, Ophir's Vietnam asset.

Business Strategies

Our strategy is to continue to build our operations through our core oil and gas exploration and production business and our investments in power and mining. To that end, the following are our key strategies:

Integrate Ophir Assets

After the effectiveness of the Acquisition, we aim to realize synergies from the integration of Ophir assets. We believe our experience in managing both offshore and liquid natural gas operations as well as our experience in moving resources into production reserves will allow us to accelerate the development of Ophir's assets, particularly in Indonesia. We also plan to implement cost efficiency measures with the aim of reducing combined overhead, procurement, commercial and operating costs to realize cost savings. We intend to keep the operational team at each of Ophir's assets in place to ensure continuity of operations and ease of integration.

We intend to manage Ophir's assets alongside our own portfolio of assets and continue to manage them as they are currently managed by Ophir and in accordance with the "Strategic Update" announced by Ophir in September 2018, pursuant to which, among other things, Ophir announced its intention to minimize exposure to frontier exploration and focus on nearer field exploration opportunities that can drive production growth and/or extend field life and to right-size its business by downsizing its London office and move its headquarter operations to Asia. We have agreed that for a period of 12 months following effectiveness of the Scheme of Arrangement we will retain Ophir's employees on terms no less favorable than before (other than to the extent already provided for in Ophir's plans for its downsizing).

Within 12 months following completion of the Acquisition, we intend to complete a full review of Ophir's asset base, in order to evaluate how each asset will contribute to our existing portfolio. This review may lead to potential divestment or value realization opportunities from assets not considered core to our strategy. Any changes to the asset base triggered by the review will only be implemented once the review is completed.

Continued focus on core business of oil and gas exploration and production by monetizing existing discoveries

We plan to continue to strengthen our producing assets portfolio by the phased development and monetization of our existing portfolio of discovered gas assets. We aim to bring our projects on-stream on time and within budget, particularly our Block A, Aceh block, which is our most advanced development in Indonesia. First gas production and gas deliveries under the Block A, Aceh take-or-pay backed, fixed-price domestic contract commenced in 2018. We are currently focusing on Senoro-Toili Phase II, where in 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by GCA compared to GCA's assessment in 2014 and where we are now evaluating potential development scenarios and preliminary engineering for Senoro-Toili Phase II. The investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Concurrently we plan to continue with the development of the Ophir Group's projects under development, including Bualuang Phase IV in Thailand and

Meliwis in Indonesia. Going forward, we expect that a larger percentage of our production will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC, are in mature stages of production. As of December 31, 2018, our reserve life index was 10.0 years.

Replace and add reserves through selective low-risk exploration and development

We plan to continue to replace depleting reserves and add reserves through selective low-risk exploration and development on our existing Indonesian PSCs. We intend to implement this strategy primarily by conducting infrastructure-led exploration, development and tie-ins to existing infrastructure on our existing PSCs. Our existing PSCs have cost recovery funded, economic advantages when compared to the contracts offered on new PSCs. While we will continue to assess new block offerings, we intend to continue our disciplined approach to exploration over the next five years. We believe this will help us to economically offset decline in our core PSCs in a continued low oil price environment.

Continue to maintain competitive cost structure

Since 2015, we have improved our organizational cost structure. Our 2018 full year unit cash production cost was US$8.7/BOE and in 2017 and 2016 was US$9.1/BOE and US$8.8/BOE, respectively, compared to US$ 12.3/BOE in 2015. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions, to smaller scale granular opportunities, such as travel and training budgets. We are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 by continuing to implement our cost efficiency measures and to realizing synergies across the enlarged portfolio including assets held by the Ophir Group. While cost and efficiency are important, we continue to focus on minimizing risks to employee and contractor safety and promoting production uptime and environmental performance.

Maintain financial flexibility with a prudent capital structure and rigorous financial discipline

We intend to maintain a prudent capital structure by keeping the use of debt within reasonable limits and to delever utilizing a mix of internally generated funds, equity financing and the sale of non-core assets.

Our total annual non-debt funded capital expenditures necessary to maintain our production levels are expected to remain at a level which should allow for a reduction in gearing. We intend to continue to cap expenditures for discretionary exploration and managing declines in production. We plan to do this by phasing expenditures on our large developments and making carefully selected investments to offset declines in production. We expect that our capital expenditure for drilling and oil and gas infrastructure will be funded by the cost recovery mechanism under our PSCs or similar support mechanisms. Within 12 months following completion of the Acquisition, we intend to complete a full review of the Ophir Group's asset base, in order to evaluate how each asset will contribute to our existing portfolio. This review may lead to potential divestment or value realization opportunities from assets not considered core to our strategy.

We do not expect capital injections into our AMNT mining joint venture. We are working to ensure that MPI is self financing. MPI is a repeat-issuer of Rupiah bonds and has signed a mandate with the International Finance Corporation to increase the latter's stake in MPI from 11.4% to 20%. We are also aiming to bring in a second strategic investor for MPI to support future growth.

We expect that Ophir and its subsidiaries will become Restricted Subsidiaries and certain of its subsidiaries to become Subsidiary Guarantors (as defined in "Description of the Notes"). In addition, we plan to repay all of Ophir's long-term debt, amounting to approximately US$356 million (as of December 31, 2018), using a combination of our and Ophir's cash and cash equivalents.

In addition, our debt maturing in 2019 will be repaid with proceeds already raised from the 2025 Bonds. In December 2017 we conducted a rights offering raising proceeds of Rp. 2.6 trillion before deduction of transaction costs, which we used primarily for reducing our leverage. Shareholders that exercises their rights were issued detachable warrant with the warrants being exercisable between July 2018 and December 2020, with the exercise price for each warrant ranging between Rp. 625 and Rp. 675, with proceeds therefrom potentially up to Rp. 2.9 trillion. In November 2018, the Parent Guarantor obtained shareholder approval for a capital increase without preemptive rights for up to 10% of the Parent Guarantor's issued and paid up capital at a minimum price of Rp. 868 per share and we are currently in discussions with potential equity investors.

We intend to continue our disciplined approach to acquisitions and only invest in projects that meet or exceed our hurdle rate. We expect that our ongoing focus to delever and cost control may allow us to take advantage of very selective future potential acquisition and development opportunities. We also expect that we will be able to make use of operational efficiencies from completed acquisitions, such as integration and synergies of newly acquired assets through shared services. We also plan to divest from certain non-core assets, including our holding in The Energy Building, and our coal mining business unit, each of which are currently classified as held for sale. In addition, we plan to rationalize our oil and gas portfolio by disposing of non-material exploration and production assets and our smaller non-oil and gas businesses. We recently obtained government approval for the disposal of our Bawean oil producing block, for example.

Continue to develop our power and renewable energy and mining businesses

Power

MPI is one of the players in the Indonesia power market. According to Wood Mackenzie, in North Sumatra and West Java (in terms of new build plants with a capacity below 200 MW) MPI is associated with one of the greatest number of power plants and total available capacity. We believe this makes MPI well-positioned to benefit from expected growth in the power sector.

In the geothermal energy sector, MPI (jointly with its partners) owns a 330 MW geothermal power plant in Sarulla, North Sumatra, where the commercial operation of the third and final unit commenced in May 2018. The Sarulla project is one of the largest single-contract geothermal projects in the world. In addition, in February 2013, MPI through its subsidiary, PT Medco Cahaya Geothermal, signed a PPA with PLN, in which MPI as an IPP agreed to develop, operate and maintain a 110 MW geothermal power plant in the working area of Belawan-Ijen in the East Java province.

In 2016, MPI through its wholly owned subsidiary PT Medco Geothermal Sarulla ("MGS") signed an O&M agreement with Sarulla Operations Ltd with respect to a 330 MW geothermal plant and, through its subsidiary MEB, signed an O&M contract with PT PLN Batam for an aggregate of 500 MW gas-fired generation plants across eight locations in Indonesia. In December 2017, MEB, together with PT Barata Indonesia, signed a contract with PLN for a 40 MW gas-fired power plant in Luwuk. MEB was also engaged to provide the O&M services at the plant for five years. We expect to make equity contributions of approximately US$88 million in MPI over the next five years to complete the Sarulla geothermal project and Medco Ratch Power Riau project prior to an initial public offering of MPI.

In its IPP business, MPI plans to continue to focus on the development of clean energy power plants, primarily in the areas of natural gas, geothermal energy and potentially solar power, in western Indonesia, as MPI believes western Indonesia has high demand for power but also better infrastructure (including pipeline networks and road access). MPI seeks to partner with reputable third parties for the development of power plants ranging in capacity from 100 MW to 500 MW. In its O&M business, MPI seeks to continue to leverage its experience under its current O&M arrangements to capture future opportunities in the O&M sector. In addition, we, with respect to our oil and gas business, and MPI, plan to take advantage of mutually beneficial synergies, such as

through our provision of gas to MPI and MPI providing power for our other businesses (including potentially AMNT) as needed.

In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. PT Medco Power Internasional holds a 51% interest in MPI. Since our acquisition of MPI, we have made certain changes to its board of directors, including replacing MPI's president director with our appointee. Our acquisition of additional shares in MPI allows us to regain majority control with a view to strengthening our position in the power generation sector, which we expect to continue to grow. Our increased stake is consistent with our strategy to grow our oil and gas, mining and power businesses, and also has the added benefit of unlocking greater potential for synergies with our upstream gas business.

Copper and Gold Mining

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we acquired our interest in November 2016. The acquisition debt was completely repaid as of December 31, 2017. We and our partner have also begun the development of Phase 7 and intend to complete the smelter project and aim to realize significant procurement savings. Mining at Batu Hijau was previously focused on ore production from Phase 6, which was completed during 2017. Current mining at Batu Hijau is focused stockpile processing and development of Phase 7. Overburden removal for Phase 7 commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years to fully complete, though we expect initial mining at Phase 7 to commence in the first half of 2020. During this hiatus in ex-pit ore production, Batu Hijau will raise capital and feed its processing plant from existing long-term stockpile in order to generate cash for operating activities. We believe that AMNT's business and external sources of funding will be sufficient to fund its capital expenditure going forward, and we do not expect to make cash contributions to AMNT. AMNT's IUPK also includes at least six prospective reserves. The Elang copper-gold resource is the largest of the resources and is situated approximately 60 kilometers east of the Batu Hijau mine. AMNT intends to develop plans to evaluate the Elang resources during its ongoing discussions with the Government of Indonesia.

On December 29, 2017, AMNT entered into a facility agreement with PT Bank Mandiri (Persero) Tbk for a US$400 million facility (with the option to upsize to US$1,375 million), primarily for the purpose of funding Phase 7 of the Batu Hijau mine. In the short to medium term, we expect that AMI and/or AMNT will undertake to raise further funding including debt and a domestic-focused initial public offering.

Continue to develop strategic partnerships

We intend to continue to build strategic alliances through our core oil and gas business and through our investments in power and mining. We have, in the past, successfully collaborated on projects with both foreign and government operators. For example, we were the private Indonesian partner in DSLNG, a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. AMNT may also form a joint venture with another party or parties to develop its smelter. AMNT expects that it would contribute access to land, the port and its power plant to the joint venture, with the joint venture partner making capital contributions towards project finance needed to construct of the smelter.

We have employed a similar strategy in AMNT's acquisition a 44% stake in Macmahon Holdings Limited in exchange for a life-of-mine contract to provide earthmoving and mining services at the Batu Hijau mine and existing mobile mining equipment, which closed in August 2017. We expect that Macmahon will reduce AMNT's costs and timeline for the development of Phase 7 of the Batu Hijau mine as well as other resources on the concession.

Maintain high corporate governance standards

We are focused on maintaining high corporate governance standards, which are driven by principles of transparency, accountability, responsibility and fairness. We believe that we enjoy a positive reputation within Indonesia, and we believe that implementation of good corporate governance principles is important in sustaining our future growth and aim to execute our business in line with these principles. In addition, we implement and enforce our non-discrimination policies with regard to gender, race and religion and have two externally managed whistleblowing systems in place to enhance oversight of conduct that is not in line with our code of ethics. We intend to continue implementing these and other prudent policies to maintain our corporate governance standards.

Maintain support from local communities

We believe that relationships with local communities around our operations, while a corporate objective, are also important for our business and the security of our operations. We practice CSR policies which foster empowerment and entrepreneurship, and include assisting in the improvement of public welfare and sanitation facilities in local communities, creating economically self-sustaining communities, encouraging local government re-greening and re-forestation programs and supporting social, religious and education activities. We are the only Indonesian listed member of the Business for Social Responsibility NGO and we intend to continue to engage in community development programs encompassing a variety of social and economic areas, including infrastructure, education and sports, medical and health, and religion and culture. For example, we built a hospital near the Block A, Aceh PSC for the use and access of the local community.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Circular. Except as otherwise stated herein, this Summary of the Offering assumes that the notes are issued following the Scheme Effective Date (as defined below). Phrases used in this summary and not otherwise defined shall have the meanings given to them in the "Description of the Notes."

Issuer	Medco Oak Tree Pte. Ltd.
Parent Guarantor	PT Medco Energi Internasional Tbk.
Subsidiary Guarantors	Certain subsidiaries of the Parent Guarantor, see "Description of the Notes — Subsidiary Guarantees."
Notes Offered	US$650,000,000 aggregate principal amount of 7.375% Senior Notes due 2026 (the "Notes").
Issue Price	7.375% of the principal amount of the Notes.
Maturity Date	May 14, 2026.
Interest	The Notes will bear interest from and including May 14, 2019 at the rate of 7.375% per annum, payable semi-annually in arrears.
Interest Payment Dates	May 14 and November 14 of each year, commencing November 14, 2019.
Ranking of the Notes	The Notes will: • be general obligations of the Issuer; • be senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • rank at least *pari passu* in right of payment with all unsubordinated obligations of the Issuer (subject to any priority rights of such unsubordinated obligations pursuant to applicable law); • be guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described under "Description of the Notes — The Parent Guarantee," "Description of the Notes — Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes and the Guarantees"; • be effectively subordinated to the secured obligations of the Issuer to the extent of the value of the assets serving as security therefor; • be effectively subordinated to all existing and future obligations of any other Subsidiaries that are not Subsidiary Guarantors; and • be secured by the collateral as described under "Description of the Notes — Security."

Parent Guarantee	The Parent Guarantor will guarantee due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under the Notes. If the court order sanctioning the scheme for the Acquisition has been delivered to the Registrar of Companies of England and Wales (the "Scheme Effective Date") on or before the date the Notes are issued, the Parent Guarantor will provide the Parent Guarantee on the date the Notes are issued (the "Original Issue Date"). If the Original Issue Date is prior to the Scheme Effective Date, the Parent Guarantor will execute and deliver a supplemental indenture to the Indenture pursuant to which the Parent Guarantor will provide the Parent Guarantee to satisfy a condition to release proceeds of the Notes from escrow to pay the consideration of, and fees and expenses relating to, the Acquisition (the "Acquisition Release"). The Parent Guarantee may be released in certain circumstances. See "Description of the Notes — The Parent Guarantee — Release of the Parent Guarantee."
Ranking of the Parent Guarantee	The Parent Guarantee will: • be a general obligation of the Parent Guarantor; • be effectively subordinated to secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor; • be senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee; • rank at least *pari passu* in right of payment with all other unsubordinated obligations of the Parent Guarantor (subject to any priority rights of such unsubordinated obligations pursuant to applicable law); • be effectively subordinated to all existing and future obligations of any Subsidiaries that are not Subsidiary Guarantors; and • be secured by the collateral as described under "Description of the Notes — Security."
Subsidiary Guarantees	The Subsidiary Guarantors will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under the Notes. The initial Subsidiary Guarantors will guarantee the Notes concurrently with the Parent Guarantor. The Parent Guarantor will cause each of its future Restricted Subsidiaries which are not Excluded Subsidiaries, within 30 days of becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

	The Subsidiary Guarantees may be released in certain circumstances. See "Description of the Notes — Subsidiary Guarantees — Release of the Subsidiary Guarantees."
Ranking of the Subsidiary Guarantees . .	The Subsidiary Guarantee of each Subsidiary Guarantor will: • be a general obligation of such Subsidiary Guarantor; • be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; • be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; • rank at least *pari passu* in right of payment with all other unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and • be secured by the collateral as described under "Description of the Notes — Security."
Security	The obligations of the Issuer and the Guarantors under the Notes, the Guarantees and the Indenture will be secured on a first priority basis (subject to permitted liens) by a Lien on the collateral which shall initially consist of: (1) a charge by Medco Strait Services Pte. Ltd. of all the Capital Stock of the Issuer (which Lien will be granted as a condition to an Acquisition Release if the Original Issue Date is prior to the Scheme Effective Date); (2) a charge over all of the Issuer's rights in the Interest Reserve Account (which charge will be granted on the Original Issue Date); (3) an assignment by the Issuer of , its lending interests in and rights under the Intercompany Loans (which assignment will be made on the Original Issue Date); and (4) a charge by the Issuer over all of the Issuer's rights in the Escrow Account (which charge will be granted on the Original Issue Date). See "Description of the Notes — Security."
Use of Proceeds	The net proceeds of the offering will be used to pay the consideration of, and fees and expenses relating to, the Acquisition and to fund the Interest Reserve Account. Any remaining net proceeds will be deposited into an escrow account for release from time to time to Refinance certain outstanding Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing. See "Use of Proceeds."
Interest Reserve Account	Prior to the Original Issue Date, the Issuer will establish the Interest Reserve Account in Singapore with Standard Chartered Bank, acting through its Singapore branch. The Issuer will deposit into the Interest Reserve Account an amount in cash equal to the amount of one (1) semi-annual interest payment under the Notes. Funds remaining

	on deposit in the Interest Reserve Account will be applied to the payment of interest on the Notes, and any remaining balance shall be applied to the payment of principal premium and Additional Amounts, if any, due on the Notes on the final Stated Maturity of the Notes or any redemption date for redemption of all outstanding Notes, in each case, for purposes of full or partial repayment of outstanding Notes. If the Original Issue Date is prior to the Scheme Effective Date, the Issuer will deposit funds in the Interest Reserve Account following an Acquisition Release.
Excess Escrowed Funds	The Issuer will deposit an amount equal to the net proceeds from the issue of the Notes after deducting the amounts used to pay consideration of, and fees and expenses relating to, the Acquisition and to fund the Interest Reserve Account into an account in Singapore established by and in the name of the Issuer with Standard Chartered Bank, acting through its Singapore branch, as account bank. The account bank will release funds in the escrow account from time to time to Refinance certain outstanding Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir Energy plc and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing.
Acquisition Escrow Funds; Special Mandatory Redemption	If the Original Issue Date occurs prior to the Scheme Effective Date, the Issuer will deposit in an escrow account the net proceeds of this offering and additional cash such that the total amount on deposit at such time will be sufficient for a special mandatory redemption of the Notes. On or subsequent to the Scheme Effective Date, upon the satisfaction of release conditions (which conditions include the grant of the Parent Guarantee and the Subsidiary Guarantees, the Parent Guarantor and the Subsidiary Guarantors becoming party to the Indenture and the charge by Medco Strait Services Pte. Ltd. of all the Capital Stock of the Issuer), the account bank will release funds in the escrow account to pay the consideration of, and fees and expenses relating to, the Acquisition, to fund the Interest Reserve Account and to reimburse the Issuer for the additional cash it contributed to the escrow account in excess of the net proceeds of the Notes and interest earned on the funds in the escrow account. Any remaining funds in the escrow account will be released by the account bank from time to time to Refinance certain outstanding Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing. If the Scheme Effective Date and other release conditions are not satisfied on or prior to 11:59 p.m. (London time) on July 4, 2019 or if certain other events occur earlier, the Issuer will redeem all of the Notes at a special mandatory redemption price of 99.266% of the aggregate principal amount thereof (consisting of a redemption price

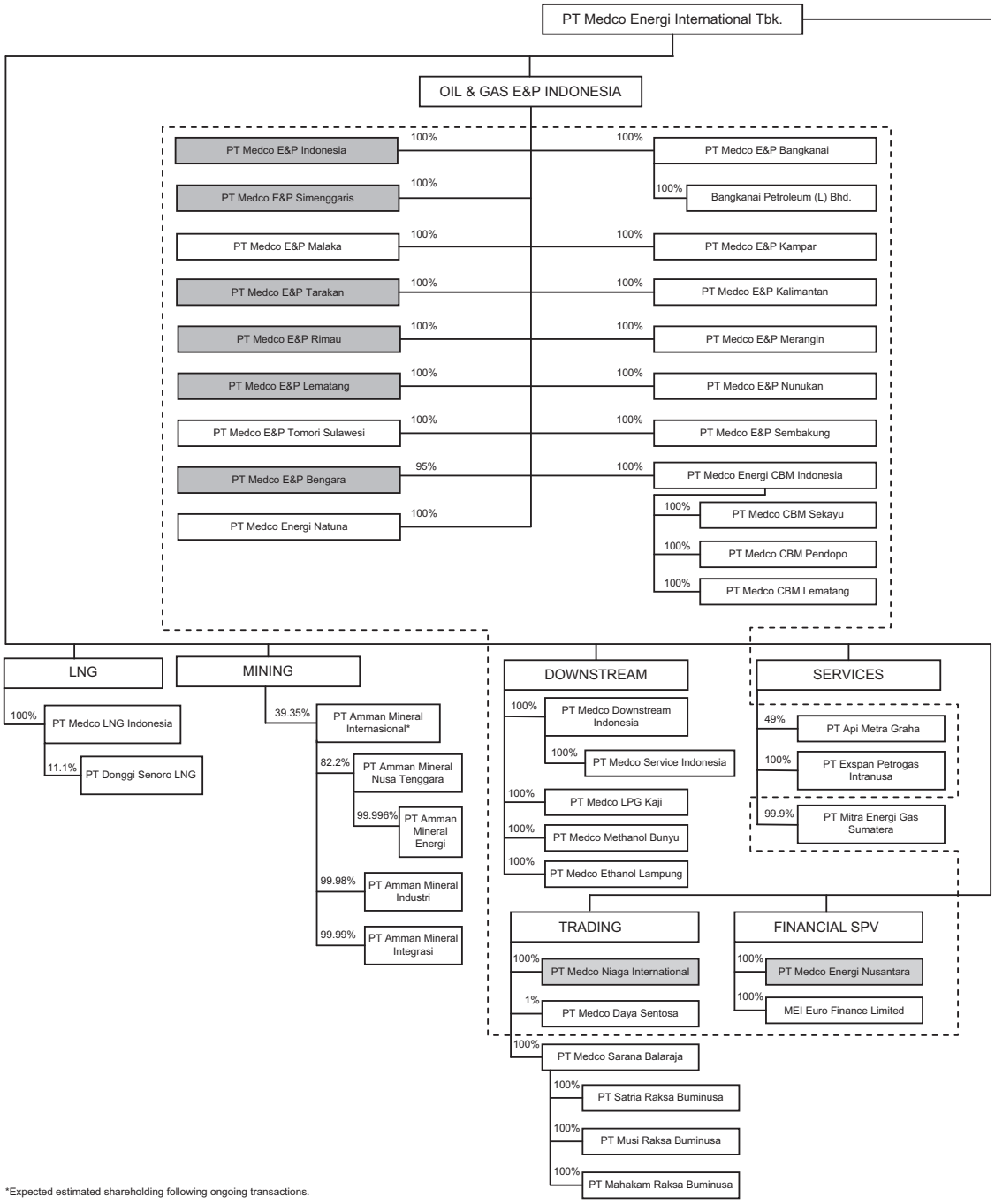
	of 98.266% of such principal amount of the Notes (equal to the aggregate offering price of such principal amount of the Notes) and a special mandatory redemption fee of 1.0% of the aggregate principal amount of such principal amount of the Notes) plus accrued and unpaid interest thereon to (but not including) the redemption date. The account bank will release funds in the escrow account as directed by the Collateral Agent to fund the special mandatory redemption.
Intercompany Loans	The Issuer will lend a portion of the net proceeds of the offering of the Notes to pay the consideration of, and fees and expenses relating to, the Acquisition to MEG by way of Intercompany Loans. The Issuer will also lend a portion of the net proceeds of the offering of the Notes to the Parent Guarantor and its subsidiaries to Refinance certain outstanding Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir and its restricted subsidiaries) plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing.
Optional Redemption	At any time on or after May 14, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at the redemption prices set forth under "Description of the Notes — Optional Redemption," plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. At any time and from time to time prior to May 14, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. In addition, at any time prior to May 14, 2023, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 107.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Parent Guarantor and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 90 days of the closing of such equity offering.
Repurchase of Notes upon a Change of Control	Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See "Description of the Notes — Repurchase of Notes upon a Change of Control."
Additional Amounts	Payments with respect to the Notes, the Parent Guarantee and any Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer, the Parent Guarantor or any future Subsidiary Guarantors is organized or

	resident for tax purposes, or through which payment is made except as required by law. Where such withholding or deduction is required by law, the Issuer or the applicable Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See "Description of the Notes — Additional Amounts."
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Issuer or the Parent Guarantor may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Parent Guarantor for redemption, if, as a result of certain changes in tax law, the Issuer or the Parent Guarantor (as the case may be) would be required to pay certain Additional Amounts.
Covenants	The Indenture will limit the ability of the Issuer, the Parent Guarantor and the restricted subsidiaries to, among other things: • incur additional Indebtedness and issue preferred stock; • make investments or other specified restricted payments; • enter into agreements that restrict the restricted subsidiaries' ability to pay dividends and transfer assets or make intercompany loans; • issue or sell capital stock of restricted subsidiaries; • issue guarantees by restricted subsidiaries; • enter into transactions with equity holders or affiliates; • create any lien; • enter into sale and leaseback transactions; • sell assets; • engage in different business activities; and • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes — Certain Covenants." If the Original Issue Date occurs prior to the Scheme Effective Date, the Parent Guarantor and Subsidiary Guarantors will not be parties to the Indenture and the Parent Guarantor and its restricted subsidiaries (other than the Issuer) will not be subject to any of the covenants set forth in the Indenture, in each case, until the date of an Acquisition Release. In connection with an Acquisition Release, the Parent Guarantors, the Subsidiary Guarantors and the Trustee will enter into

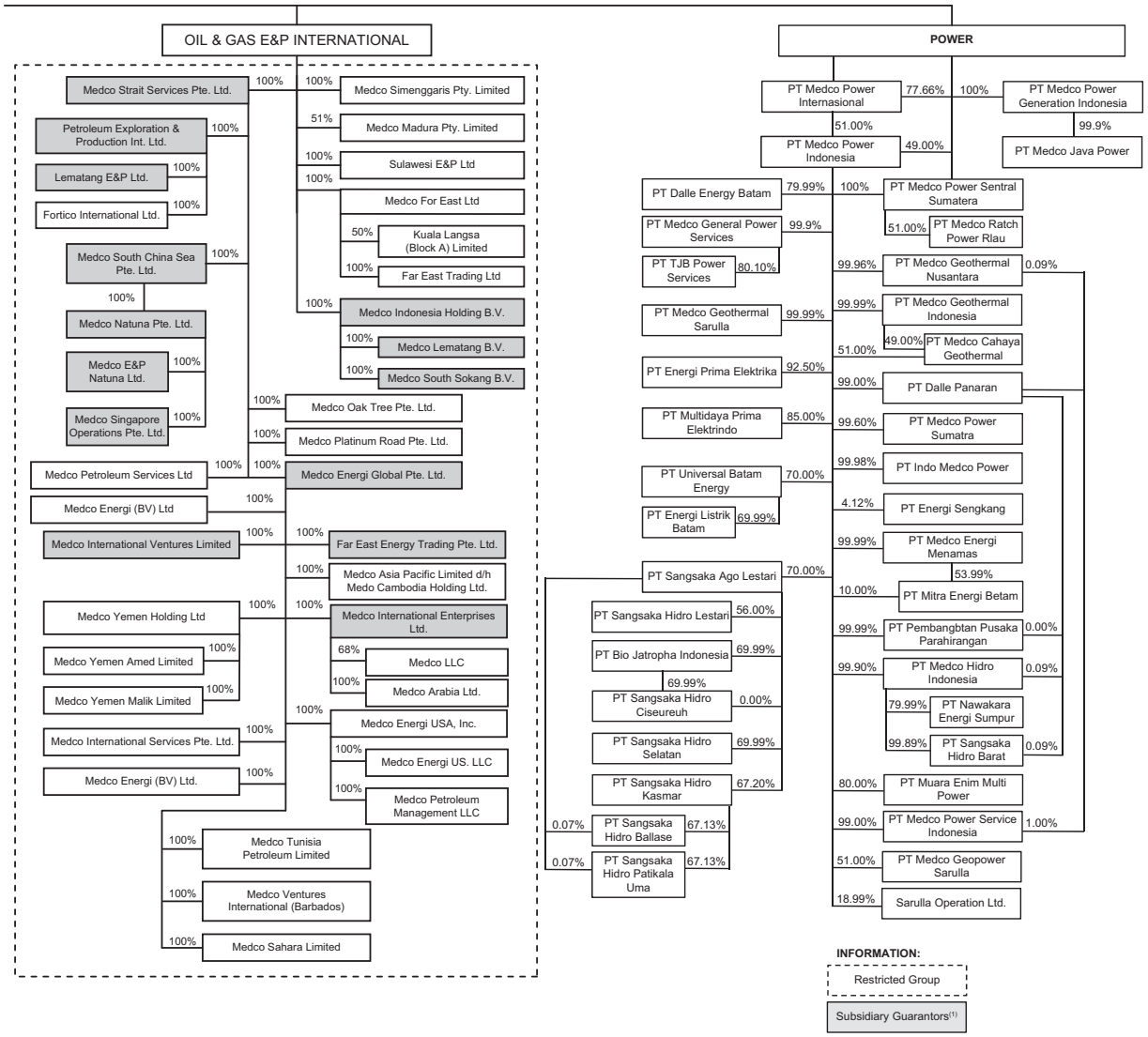
	one or more supplemental indentures to the Indenture pursuant to which the Parent Guarantor and its restricted subsidiaries will become subject to the covenants set forth in the Indenture.
Selling and Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Transfer Restrictions."
Form, Denomination and Registration . .	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more Global Notes registered in the name of a nominee of DTC.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "Description of the Notes — Book-Entry; Delivery and Form."
Delivery of the Notes	The Issuer expects to make delivery of the Notes, against payment in same-day funds, on or about May 14, 2019, which the Issuer expects will be the seventh business day following the date of this Offering Circular, referred to as "T+7." You should note that initial trading of the Notes may be affected by the T+7 settlement. See "Plan of Distribution."
Trustee	The Bank of New York Mellon.
Collateral Agent	The Bank of New York Mellon, Singapore Branch.
Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon.
Global Notes	Reg S: CUSIP Number: Y59501AA7; ISIN: US59501AA78; Common Code: 199293702 144A: CUSIP Number: 58405FAA3; ISIN: US58405FAA30; Common Code: 199293656
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the Notes are listed on the SGX-ST.
Governing Law	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The account bank agreement and the security documents will be governed by and construed in accordance with the laws of Singapore.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."

CORPORATE STRUCTURE

The following table depicts, in simplified form, our corporate structure.



*Expected estimated shareholding following ongoing transactions.



Note:

(1) Subsidiary Guarantors with effect from the Original Issue Date if the Scheme Effectiveness Date is on or prior to the Original Issue Date and with effect from the Acquisition Escrow Release Date if the Scheme Effectiveness Date is after the Original Issue Date.

SUMMARY FINANCIAL, OPERATING AND RESERVE DATA

The following tables set forth certain summary consolidated financial data of the Company as of the dates and for each of the periods indicated. The summary consolidated financial information as of and for the years ended December 31, 2016, 2017, and 2018 included in this Offering Circular are derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which were prepared in accordance with Indonesian FAS and are included elsewhere in this Offering Circular.

The Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 included in this Offering Circular have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited) independent public accountants, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountant ("IICPA"), as stated in their audit reports appearing elsewhere in this Offering Circular.

The Company's consolidated financial statements have been prepared in accordance with Indonesian FAS, which differs in certain respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP" and "Risk Factors — Risks Relating to the Company — Indonesian corporate and other disclosure and accounting standards differ from those in other jurisdictions, such as the United States and countries in the European Union."

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Sales and Other Operating Revenues			
Net oil and gas sales	554.9	834.6	980.2
Electric power sales and revenue from related services	—	67.5	235.9
Revenues from services	7.0	3.0	2.2
Total Sales and Other Operating Revenues	**561.9**	**905.1**	**1,218.3**
Cost of Sales and Other Direct Costs			
Production and lifting costs	190.2	192.3	203.3
Cost of electric power sales and related services	—	40.6	134.3
Cost of crude oil purchases	13.3	80.9	125.4
Depreciation, depletion, and amortization	106.3	160.6	108.8
Exploration expenses	6.1	10.1	8.6
Cost of services	0.9	5.3	5.7
Total Cost of Sales and Other Direct Costs	**316.8**	**489.6**	**586.1**
Gross Profit	**245.1**	**415.5**	**632.2**
Selling, general and administrative expenses	(89.8)	(147.8)	(160.7)
Finance costs	(99.4)	(140.6)	(189.0)
Finance income	7.6	32.3	12.7
Bargain purchase	551.7	43.1	—
Gain on business combination achieved in stages	—	16.1	—
Income from insurance claim	—	7.7	—
Loss on assets recognized at fair value less cost to sell	(11.9)	—	—
Reversal of (Loss on) impairment of assets	(196.3)	95.9	(2.2)
Loss on dilution of long-term investment	—	—	(19.1)
Share of net loss of associates and joint venture	(27.0)	(37.0)	(66.7)
Other income	9.7	22.6	10.1
Other expenses	(6.4)	(14.4)	(18.6)
Profit Before Income Tax Expense from Continuing Operations	**383.2**	**293.5**	**198.8**
Income Tax Expense	**(61.6)**	**(138.1)**	**(196.5)**
Profit for The Year from Continuing Operations	**321.6**	**155.4**	**2.4**
Loss after Income Tax Expense from Discontinued Operations	(134.5)	(23.6)	(30.7)
Profit (Loss) for The Year	**187.0**	**131.8**	**(28.4)**
Other Comprehensive Income			
Other Comprehensive Income That Will Be Reclassified to Profit or Loss			
Translation adjustments	1.9	26.7	(5.6)
Fair value adjustment on cash flow hedging instruments — net of tax	26.7	24.3	(7.1)
Fair value adjustment on available-for-sale investment	—	0.7	0.4
Share of other comprehensive income (loss) of associates and joint venture	(24.2)	12.4	11.7

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss			
Share of other comprehensive income of associates and joint venture	0.01	—	—
Remeasurement of defined benefit program	3.7	(5.5)	10.4
Income tax related to the accounts that will not be reclassified to profit or loss	(0.3)	(0.8)	(0.9)
Total Comprehensive Income (Loss) for The Year	**195.0**	**189.6**	**(19.6)**
Profit (loss) for the Year Attributable to Equity Holders of the Parent Company			
Profit (loss) for the year from continuing operations	319.3	150.7	(20.6)
Loss for the year from discontinued operations	(134.5)	(23.6)	(30.7)
Profit (loss) for the year attributable to equity holders of the parent company	184.8	127.1	(51.3)
Profit for the year attributable to non-controlling interests	2.3	4.7	22.9
	187.0	131.8	(28.4)
Total Comprehensive Income (Loss) for the Year Attributable to Equity Holders of the Parent Company			
Comprehensive income (loss) for the year from continuing operations	327.2	208.1	(14.1)
Comprehensive loss for the year from discontinued operations	(134.5)	(23.6)	(30.7)
Comprehensive income (loss) for the year attributable to equity holders of the parent company	192.7	184.5	(44.9)
Comprehensive income for the year attributable to non-controlling interests	2.3	5.1	25.3
	195.0	**189.6**	**(19.6)**
Basic Earnings (Loss) per Share Attributable to Equity Holders of the Parent Company[2]	**0.01300**	**0.00887**	**(0.00290)**
Basic Earnings (Loss) per Share From Continuing Operations Attributable to Equity Holders of the Parent Company[2]	**0.02247**	**0.01051**	**(0.00116)**
Diluted Earnings (Loss) per Share Attributable to Equity Holders of the Parent Company[2]	**—**	**0.00886**	**(0.00266)**
Diluted Earnings (Loss) per Share From Continuing Operations Attributable to Equity Holders of the Parent Company[2]	**—**	**0.01050**	**(0.00107)**

Notes:

(1) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

(2) As presented in the Company's Consolidated Financial Statements.

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Consolidated Statements of Financial Position			
Assets			
Current Assets			
Cash and cash equivalents	164.6	489.0	418.1
Short-term investments	66.9	26.3	25.2
Restricted time deposits and cash in banks	—	145.8	208.1
Trade receivables			
— Related parties	0.7	—	—
— Third parties	182.5	196.2	166.5
Other receivables			
— Related parties	250.7	279.8	1.5
— Third parties	100.9	159.5	81.5
Financial lease receivables — current maturities	—	7.9	14.7
Concession financial assets — current maturities	—	70.0	75.7
Inventories	70.3	88.9	62.3
Prepaid taxes	4.2	3.2	8.6
Prepaid expenses	4.7	8.8	9.0
Derivative assets	—	—	1.9
Non-current assets classified as held for sale	266.4	464.3	709.8
Other current assets	22.4	35.4	44.2
Total Current Assets	1,134.3	1,975.1	1,827.1
Non-Current Assets			
Other receivables	51.8	88.0	131.9
Financial lease receivables — net of current maturities	—	244.6	233.9
Concession financial assets — net of current maturities	—	475.1	532.3
Restricted time deposits and cash in banks	2.4	5.9	1.4
Deferred tax assets	90.4	89.8	90.5
Long-term investments	924.5	887.3	953.7
Investment in project	22.7	—	—
Property, plant and equipment	5.2	67.9	43.2
Investment properties	351.3	—	—
Exploration and evaluation assets	70.4	103.8	102.2
Oil and gas properties	921.2	1,107.8	1,229.4
Goodwill	16.2	67.0	67.0
Derivative assets	1.7	6.9	4.6
Other assets	5.1	41.6	35.1
Total Non-Current Assets	2,462.9	3,185.7	3,425.3
Total Assets	**3,597.1**	**5,160.8**	**5,252.4**

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Liabilities and Equity			
Short-term bank loans	16.0	42.0	40.0
Trade payables			
— Related parties	—	24.7	20.8
— Third parties	104.9	115.1	98.3
Other payables			
— Related parties	—	—	12.4
— Third parties	102.5	171.9	102.0
Taxes payable	32.4	46.8	28.7
Accrued expenses and other provisions	75.5	114.7	149.1
Employee benefits liabilities - current portion	4.0	2.3	1.2
Derivative liabilities	63.8	55.1	11.2
Liabilities directly associated with the non-current assets classified as held for sale	62.2	202.2	187.9
Current maturities of long-term debt			
— Bank loans	228.5	161.4	230.5
— Loans from non-bank financial institutions	—	1.2	0.1
— Rupiah bonds	148.7	129.0	77.4
— US Dollar bonds	17.8	—	—
— Medium term notes	—	73.7	54.5
Advances from customers			
— Related parties	0.4	—	—
— Third parties	4.0	153.6	88.0
Total Current Liabilities	860.6	1,293.6	1,102.0
Long-term debt — net of current maturities			
— Bank loans	1,009.6	1,367.2	1,012.3
— Loans from non-bank financial institutions	—	27.3	10.9
— Rupiah bonds	316.9	348.6	447.6
— US Dollar bonds	—	384.7	867.8
— Singapore Dollar bonds	68.3	—	—
— Medium term notes	127.5	54.0	66.5
Advance from a customer	—	—	7.5
Other payables	55.5	17.3	17.7
Deferred tax liabilities	104.7	136.7	188.5
Long-term employee benefits liabilities	41.6	46.8	19.8
Derivative liabilities	67.5	20.1	36.0
Assets abandonment and site restoration obligations and other provisions	54.5	61.6	88.6
Total Non-Current Liabilities	1,846.1	2,464.5	2,763.2
Total Liabilities	**2,706.6**	**3,758.1**	**3,865.1**
Total Equity	**890.5**	**1,402.7**	**1,387.3**
Total Liabilities and Equity	**3,597.1**	**5,160.8**	**5,252.4**

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Consolidated Statements of Cash Flows			
Net Cash Provided by Operating Activities	10.0	443.6	361.7
Net Cash Used in Investing Activities	(567.3)	(242.9)	(266.7)
Net Cash Provided by (Used in) Financing Activities	259.8	121.0	(41.6)

Note:

(1) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[5]	(Restated)[5]	
	(US$ in millions)		
Other Financial Data:			
EBITDA[1]	262.7	429.3	582.0
EBITDAX[2]	268.8	439.4	590.5

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[5]	(Restated)[5]	
Net debt / EBITDA[3]	6.7	4.5	3.7
EBITDA / Interest[4]	2.6	3.1	3.1

Notes:

(1) We calculate EBITDA as gross profit minus selling, general and administrative expenses plus depreciation, depletion and amortization (which are charged to cost of sales and other direct costs and selling, general and administrative expenses).

(2) EBITDAX is EBITDA plus exploration expenses.

(3) We calculate Net debt / EBITDA as our total debt (Bank loans, loans from non-bank financial institutions, Rupiah bonds, US Dollar bonds, Singapore Dollar bonds and medium term notes) minus cash and cash equivalents and restricted time deposits and cash in banks, divided by our EBITDA.

(4) We calculate EBITDA / Interest as EBITDA divided by finance costs.

(5) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

Non-GAAP Accounting Items

EBITDA and EBITDAX are not measurements of financial performance under Indonesian FAS and should not be considered as an alternative to net income as indicators of the Company's operating performance or any other measures of performance derived in accordance with Indonesian FAS. As a measure of the Company's operating performance, the Company believes that the most directly comparable Indonesian FAS measure to EBITDA and EBITDAX is gross profit and profit or loss before income tax expense.

The following table reconciles the Company's gross profit to the Company's definition of EBITDA and EBITDAX for the years ended December 31, 2016, 2017 and 2018. EBITDA means earnings before interest, taxes, depreciation (including depletion), amortization, gain or loss on foreign exchange and other income or charges. EBITDAX means EBITDA adding back exploration expenses.

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[3]	(Restated)[3]	
	(US$ in millions)		
Reconciliation of EBITDA and EBITDAX to Gross Profit			
Gross profit	245.1	415.5	632.2
Selling, general and administrative expenses	(89.8)	(147.8)	(160.7)
Sub-total	155.3	267.7	471.5
Depreciation, depletion and amortization (including charged to selling, general and administrative expenses)	107.4	161.6	110.4
EBITDA	**262.7**	**429.3**	**582.0**
Exploration Expense	6.1	10.1	8.6
EBITDAX	**268.8**	**439.4**	**590.5**

Notes:

(1) We calculate EBITDA as gross profit minus selling, general and administrative expenses plus depreciation, depletion and amortization (which are charged to cost of sales and other direct costs and selling, general and administrative expenses). We define EBITDAX as EBITDA plus exploration expenses. We have included EBITDA and EBITDAX because management believes they are financial measures commonly used in the oil and gas industry as a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. These measures should not be considered in isolation or construed as an alternative to cash flows, earnings or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. These measures do not account for certain items such as taxes, interest expense and other non-operating cash expenses. In evaluating these measures, we believe that investors should consider, among other things, the components of these measures such as revenues and operating expenses and the amount by which these measures exceed capital expenditures and other charges. These measures presented herein may not be comparable to similarly titled measures presented by other companies.

(2) The Company uses January 1 to December 31 as a basis for preparation of the year-end financial statement. The EBITDA information is also used to calculate the fixed coverage ratios that are included in "Description of the Notes."

(3) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

Summary Operating and Reserve Data

The table below sets forth certain operating data for the years ended December 31, 2016, 2017 and 2018.

	For the Years Ended December 31,		
	2016	2017	2018
	(US$ in millions)		
Oil			
Oil lifting and sales (MBOPD)	21.5	26.2	26.5
Average realized sales price (US$ per BBLS)[1]	42.3	51.5	67.8
Gas			
Gas lifting and sales (BBTUPD)	212.2	273.4	267.8
Average realized sales price (US$ per MMBTU)[2]	4.4	5.5	6.4
Total production (MBOEPD), including Oman service contract	66.0	86.8	84.7
Total production (MBOEPD), excluding Oman service contract	57.7	78.8	77.5
Proved and probable reserve life index (in years)[3]	14.0	10.9	10.0
Revenue from fixed-price contracts (US$ million)[4]	237.5	280.3	242.0
Revenue from fixed-price contracts as percentage of total revenue (%)	42.8%	33.6%	24.7%
Unit cash production cost (US$ per BOE)[5]	8.8	9.1	8.7
Unit lifting cost (US$ per BOE)[6]	6.1	5.0	5.8
Unit general and administrative cost (US$ per BOE)[7]	2.7	4.1	2.9

Notes:

(1) Represents our total net sales for the period divided by our aggregate net entitlement for the period.

(2) Based on our net entitlement, See "Notice to Investors — Presentation of Oil and Gas Reserves Data" for a definition of net entitlement.

(3) Prior year-end net proved and probable reserves divided by production attributable to our net working interest.

(4) Represents revenue earned under GSAs which are fixed in US$/MMBTU with an application of a relatively small escalation factor (typically 2.5% to 3.0% per annum).

(5) Represents total oil and gas production and lifting cost including general and administration costs divided by aggregate production for the year.

(6) Represents total oil and gas production and lifting cost divided by aggregate production for the year.

(7) Represents total oil and gas general and administration cost divided by aggregate production for the year.

The table below summarizes our estimated gross working interest proved reserves and estimated gross working interest proved and probable reserves based on our estimates as of December 31, 2018. See "Business — Reserves."

	As of or for the year December 31,		
	2016	2017	2018
Gross working interest proved reserves:[1]			
Natural gas (BCF)	712.2	798.2	758.5
Oil and condensate (MMBBLS)	98.1	93.3	89.2
Total (MMBOE)	219.6	233.5	222.0
Gross working interest proved and probable reserves:[1]			
Natural gas (BCF)	918.2	911.3	824.9
Oil and condensate (MMBBLS)	148.4	59.0	137.3
Total (MMBOE)	305.0	216.8	281.8
Proved developed reserves (MMBOE)[2]	186.7	177.2	189.9
Reserve replacement ratio[3]	2.3	1.3	0.0

Notes:

(1) For a description of the meaning of gross working interest proved reserves and gross working interest proved and probable reserves as of the reference dates set out in this Offering Circular, please see "Notice to Investors — Presentation of Oil and Gas Reserves Data." These gross working interest values are calculated based upon our portion of the estimated gross proved reserves and gross proved and probable reserves attributable to our effective working interest, which have been derived from reserves estimations or assessments as of their effective dates and then deducting production, without accounting for reserves appreciation or depreciation, at each production block over the period from the respective estimations or assessments effective date (if a block has been so earlier estimated or assessed) to December 31, 2018. If a recent reserves estimations or assessments for a block is unavailable, the estimates have been derived by our internal technical team based on guidelines promulgated by the Society of Petroleum Engineers in the SPE-PRMS. To the extent that we have presented our gross working interest reserves on the basis of our effective working interest under the applicable contractual arrangement and not in accordance with SPE-PRMS guidelines, we and not our independent petroleum engineering consultants are responsible for such data. However, our independent petroleum engineering consultants are responsible for the reserves data prior to adjustment for the effective working interest. Certain of these reserve estimations or assessments may include projections, forecasts or other forward-looking statements and any such information does not form part of this Offering Circular.

(2) Proved developed reserves means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

(3) Represents the amount of reserves added in the period divided by production for the year.

See "Risk Factors — Risks Relating to Our Business and Operations — The oil and gas reserves data in this Offering Circular are only estimates and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; there are no recent reserve estimations or assessments available for a significant portion of our reserves, and the oil and gas reserves data for these blocks are based on our internal estimates. In addition, probable reserves are generally believed to be less likely to be recovered than proved reserves."

RISK FACTORS

Prior to making an investment decision in relation to the Notes, prospective investors in the Notes should carefully consider all the information set forth in this Offering Circular, including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with the businesses of the Issuer or the Parent Guarantor and its subsidiaries or any decision to purchase, own or dispose of the Notes. The risks and risk factors set forth below are not an exhaustive list of the challenges currently facing the Parent Guarantor and its subsidiaries or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Issuer, the Parent Guarantor and its subsidiaries or the Notes.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We are dependent on our ability to produce from and/or develop existing reserves, replace existing reserves and find and develop additional reserves for our core oil and gas business.

We must explore for, find, develop or acquire new reserves to replace those depleted or sold in order to grow or maintain our current levels of production. We face challenges in sustaining production growth due to the maturation and depletion of oil and gas properties. Revenue from Rimau, South Sumatra, Lematang and the South Natuna Sea Block B PSCs, each of which is entering a mature stage with economic lives of five to 10 years, together contributed 10%, 12%, 3% and 28% of our net oil and gas sales for 2018, respectively.

We cannot assure the success of our current or future exploration and development activities. The decision to explore or develop a property will depend in part on geophysical and geological analyses and engineering studies, the results of which may be inconclusive or subject to varying interpretations. Exploration activities are subject to numerous risks, including the risk that no commercially viable oil or natural gas accumulations will be discovered. Furthermore, if we are unable to find or acquire additional reserves, we would not be able to sustain total production nor grow our core business, and this could have material and adverse effect on our business, prospects, financial condition and results of operations.

The cost of drilling, completing and operating wells is also uncertain. Drilling may be curtailed, delayed or canceled as a result of many factors, including weather conditions, government requirements and contractual conditions, shortages of or delays in obtaining equipment, reductions in product prices and limitations in the market for products. Geological uncertainties and unusual or unexpected formations and pressures may result in dry wells. Our exploration and production activities may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or the recovery of drilling, completion or operating costs. In addition, we face substantial competition in the discovery and acquisition of reserves, which requires substantial investment.

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations in relation to the Notes.

As of December 31, 2018, after giving pro forma effect to the Notes issuance and the expected use of proceeds, we would have had US$3.5 billion of indebtedness outstanding. In addition, we will be permitted under the indenture governing the Notes to incur additional debt, subject to certain limitations. Covenants in agreements governing debt that we may incur in the future may materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. Our high degree of leverage and ability to incur additional debt may have important consequences to prospective investors, including the following:

- we may have difficulty satisfying our obligations under the Notes or other indebtedness and, if we fail to comply with these requirements, an event of default could result;

- we may be required to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- covenants relating to indebtedness may limit our ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- covenants relating to indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and the industries;
- we may be more vulnerable than our competitors to the impact of economic downturns and adverse developments in our business; and
- we may be placed at a competitive disadvantage against any less leveraged competitors.

Any of these factors could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the Notes.

We face risks related to our joint ventures and other partners.

We have a joint venture interest in AMNT, which operates a copper and gold mine in Sumbawa. AMNT is currently jointly controlled with a Board of Directors and Commissioners appointed by us and our original joint venture partner, PT AP Investment ("API"). Because we do not wholly control AMNT, we may be unable to fully control decisions relating to its operations and strategy, which could adversely affect our ability to obtain benefits from our investment. There can be no assurance that the other shareholders in AMNT will not take actions collectively or otherwise that are detrimental to our interests.

In addition, a number of our and the Ophir Group's oil and gas blocks have other interest holders, including government entities and a number of MPI's projects have other interest holders. These types of relationships involve special risks associated with the possibility that partner(s) may have economic or business interests or goals that are inconsistent with ours or MPI's; take or omit to take actions contrary to our or MPI's instructions, requests, policies or objectives, good corporate governance practices or the law; be unable or unwilling to fulfill their obligations under the relevant agreements; have disputes with us or MPI as to the scope of their responsibilities; and/or have financial difficulties. For example, our involvement in the downstream sector is through PT Donggi Senoro LNG ("DSLNG"), a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. Within this scheme, DSLNG purchases gas, operates the LNG processing plant, and markets LNG to international customers. We have an 11.1% interest in DSLNG. DSLNG has certain banking facilities that require certain of its shareholders to fulfill certain requirements or reach certain milestones by August 28, 2020 (subject to extension as provided under applicable agreements relating to DSLNG) (the "Completion Longstop Date"). Although we have complied with our obligations under the agreement to date, we understand that one of our partners anticipated being unable to meet certain requirements and that DSLNG was able to obtain an extension of Completion Longstop Date from DSLNG's lenders to August 2020. However, there can be no assurance that our partners will meet their obligations in the future, and if our partners do not meet their obligations, DSLNG may be considered in default on its indebtedness, which could materially and adversely affect our downstream operations and upstream operations at the Senoro gas field. We have provided a completion guarantee with respect to such indebtedness in proportion to our 11.1% ownership in DSLNG, and we cannot assure you that we will not be liable pursuant to such guarantee up to the DSLNG completion date.

Our business is subject to significant government regulation.

Oil and gas companies operating in Indonesia are highly regulated. The key terms and conditions applicable to us under Indonesian regulations include cost recovery arrangements and the DMO. For every barrel produced,

an oil and gas company that operates under a PSC is entitled to recover costs pertaining to the exploration and production activities carried out during the year. The cost recovery portion of the annual net entitlement varies with the level of cost incurred, including capital investment for exploration, development and production, annual operating expenses and the realized prices of oil and gas. The DMO specifies the amount of production that must be sold domestically, which can be at lower prices than could be obtained from selling elsewhere. In addition, oil and gas companies are subject to regulation by governments throughout the world. These regulations typically include the requirement to obtain permits to export products. Compliance with government regulations is required to ensure that these permits are, for example, granted, renewed or extended. In the case of exporting pipeline gas, for example, a quarterly permit renewal is required in Indonesia. An inability to obtain the necessary permits may affect exploration and production interests, the costs of safety and health and environmental controls and restrictions on drilling and production. We are also subject to the risk of nationalization, expropriation or cancelation of contract rights by governments. We operate in several countries and are therefore exposed to risks associated with the laws and regulations of each of these countries. Furthermore, through the Acquisition, we expect to acquire oil and gas assets not only in Indonesia, but also in Thailand, Vietnam, Malaysia, Mexico and Tanzania. Our operations in these countries following the completion of the Acquisition are expected to be subject to significant regulations and we may not be as successful at complying with such regulations or managing relationships with regulators in new jurisdictions as we have been in Indonesia. See "— Risks Relating to the Acquisition — The Ophir Group operates in jurisdictions that have significant regulations governing the oil and gas industry."

AMNT's copper and gold mining is subject to significant regulation. In 2014, the Government issued new regulations pertaining to the export of copper concentrate that contain potentially restrictive conditions in respect of obtaining an export permit and impose a new export duty (the "2014 Regulations").

The Batu Hijau mine was temporarily shut down from June 2014 through September 2014 due to an inability to export copper concentrate, and AMNT's predecessor and its majority shareholder filed claims against the Government at the International Centre for Settlement of Investment Disputes in July 2014. However, AMNT's predecessor withdrew its case in August 2014, and following the withdrawal, AMNT's predecessor and the government entered into a Memorandum of Understanding in September 2014 in which, among other things, AMNT's predecessor agreed to pay higher royalties and certain export duties and the government agreed to issue permits to allow it to export and sell copper concentrates. The government then issued several six-month export permits commencing in September 2014, March 2015 and November 2015. In 2017, the Government through MEMR issued new MEMR Regulation No. 5 of 2017 as amended by MEMR Regulation No. 28 of 2017 on the Amendment to the MEMR Regulation No. 5 of 2017 on the Increasing Value Added Minerals Through domestic Mineral Refinery and Purification Activities (the "MEMR 5/2017") which removed a provision in the previous government regulation that allowed contract of work ("COW") holders to export processed minerals, and also mandates that COW holders convert their COW to a Special Mining Business License (*Izin Usaha Pertambangan Khusus*, or "IUPK") and refine their minerals domestically. Further, in February 2017, under its new ownership, AMNT adopted the Government's IUPK mining permit, which has preserved all economic conditions in the original COW. In February 2017, the Government issued a twelve-month export permit to AMNT. Future export permits will be subject to the government's assessment of progress on AMNT's commitments to comply with MEMR 5/2017, which include the requirement to build an in-country smelter no later than five years after the issuance of MEMR 5/2017. AMNT is currently developing a smelter and has appointed a third party to conduct front-end engineering design. In 2018, the MEMR issued MEMR Regulation No. 25 of 2018 on Mining of Minerals and Coal (the "MEMR 25/2018") which revoked the MEMR 5/2017. The MEMR 25/2018 include among other, provisions requiring that a minimum of 90% of the proposed work plan be designated for the construction of smelters and progress evaluations every six months. If the evaluation results state that the progress of the smelter does not reach the minimum, the export permit will be revoked. In addition, an administrative fine of 20% of the cumulative value of offshore mineral sales can be imposed.

The Government's regulations pertaining to the export of copper concentrate could, notwithstanding the accommodations made by AMNT, result in an inability of AMNT to export copper concentrate or to incur

additional financial obligations, which could adversely impact our future operating and financial results. In addition, AMNT is required to apply for renewals of certain other key permits related to Batu Hijau (such as wastewater permit and explosion utilization permit). If AMNT is unable to renew its permits, including the export permit or other key permits, then such failure could result in an adverse impact on AMNT's Batu Hijau operations and may adversely impact our business, prospects, financial condition and results of operations.

The power business in Indonesia is highly regulated and certain regulations restrict the price that can be charged for power as well as place other restrictions on the sale of power, which can limit our ability to earn revenue. Regulations also affect the tendering process for new projects and any changes in the future to such regulations could affect our ability to tender for new projects. Furthermore, the business is influenced by factors beyond our or our partner's control, such as the entrance into the market by new market participants, prices, the supply gas, and operating risks inherent in the industry. Any reduction in the prices received for power could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

The oil and gas reserves data in this Offering Circular are only estimates and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; there are no recent reserve estimations or assessments available for a significant portion of our reserves; and even for blocks where there are recent third-party reserves estimations or assessments, we have not attached these reports to this Offering Circular.

This Offering Circular includes estimates of certain of our and Ophir's proved reserves, proved and probable reserves and proved and probable and possible reserves. There are no recent estimations or assessments or no available estimations or assessments for the Rimau and Senoro-Toili (Tiaka field, which is Senoro-Toili's oil field) and for our international blocks, and the reserves estimations have been derived based on prior reserves estimations or assessments which are not recent, with the estimations or assessments for a number of our key producing but maturing blocks being from 2011. Certain of our other blocks were estimated or assessed between 2008 and 2014. Certain reserves figures presented in this Offering Circular are derived based on reserves estimations or assessments as of December 31, 2017 for the South Sumatra PSC, Tarakan PSC and the Lematang PSC (Singa field); and as of December 31, 2018 for Block A, Aceh and as of October 31, 2018 for the Senoro Toili (Senoro Gas Field). Our estimates of reserves in these blocks as at any date which is more recent than the date of the most recent reserve estimations or assessments for the applicable block have been derived by deducting production at the block, without accounting for any reserves appreciation or depreciation, since the dates of the respective estimations or assessments. However, there can be no assurance that a more recent reserves estimation or assessment conducted would result in estimates of the available reserves at these blocks which are consistent with our internal estimates of such reserves. See "Notice to Investors —Presentation of Oil and Gas Reserves Data."

Approximately 31.7% of our gross proved oil and gas reserves and 41.4% of our gross proved and probable reserves as of December 31, 2018, have not been estimated or assessed since 2015 by any third party, but constitutes our estimates, based on prior reserve estimations or assessments from which production has been deducted.

Even with respect to reserves figures presented in this Offering Circular that are derived based on independent third-party reserves estimations or assessments (namely, the reports of GCA as of December 31, 2017 for the South Natuna Sea Block B PSC, South Sumatra PSC, Tarakan PSC and the Lematang PSC (Singa field); and as of December 31, 2018 for Block A, Aceh and as of October 31, 2018 for the Senoro Toili (Senoro Gas Field), or with respect to Ophir, which have been audited by ERCE), we have not attached the reports relating thereto to this Offering Circular. Accordingly, investors will not have access to such reports provided by these independent consultants, which reports include additional information that may be useful in evaluating the reserves information relating to these blocks.

In addition, while we have obtained consent from these independent consultants to name them in this Offering Circular, we have not previously sought or otherwise obtained their consent for other disclosures, including in our annual reports.

The Ministry of Energy and Mineral Regulation No. 27 of 2006 on Management and Use of Data Obtained from General Survey, Exploration and Exploitation of Oil and Gas as amended by The Ministry of Energy and Mineral Regulation No. 29 of 2017 on the Licenses for Oil and Gas Business Activities (the "MEMR Regulation") requires any person that discloses any "data" (as defined therein) relating to oil and gas reserves to obtain consent from the Ministry of Energy and Mineral Resources ("MEMR"). The MEMR Regulation does not specify the type of reserves data or information, or reserves report, disclosure that requires consent from the MEMR. Failure to comply with this requirement to obtain consent from the MEMR could result in sanctions of up to one year of imprisonment or fines of up to Rp. 10 billion. As a public company, under the OJK and IDX Regulations, the Parent Guarantor is required to release its audited financial statements and an annual report as well as other material information. These documents include or may include reserves data and information relating to our operations. In compliance with the OJK and IDX Regulations, the Parent Guarantor has disclosed reserves data and information from time to time in its audited financial statements and annual reports and other disclosures. The Parent Guarantor has received consent from the Investment Coordination Board (*Badan Koordinasi Penanaman Modal ("BKPM")*) (on behalf of Director General of Oil and Gas) to disclose reserves data in its annual reports and financial statements within the Republic of Indonesia. The Parent Guarantor's financial statements as of December 31, 2018 have been disclosed on the IDX website and been made publicly available on April 8, 2019. For the purposes of this Offering Circular, we have included reserves data and information consistent with disclosures in the Parent Guarantor's financial statements as of December 31, 2018 that have been publicly released in accordance with IDX requirements. Although such information has been made public, MEMR may take the view that the inclusion of reserves data in this Offering Circular requires a separate consent and has been made without obtaining their consent as may be required under the MEMR Regulation and impose penalties or sanctions on us, which could have an adverse effect on us.

Determining estimates of reserves is an inexact activity and, accordingly, there can be no assurance that our reserves data accurately reflects actual reserves or will not change. In addition, the basis on which we estimate our reserves differs from SPE-PRMS guidelines.

Determination of reserves estimates is an inexact interpretive activity generally based upon SPE-PRMS guidelines and definitions which require estimators to make uncertain forecasts of future production and to analyze incomplete technical and commercial data. There often exist professional interpretive differences of SPE-PRMS guidelines and reserves classification between companies, independent petroleum engineering consultants and operators. This is often evidenced by different reported reserves between consortium members of the same exploration or producing block. Such differences may include assigning volumes to the categories of proved, probable or possible reserves, based on interpretation of guidelines or on views of the commercial viability of a given oil or gas reserve, at a particular point in time.

There is no assurance that we, independent petroleum engineering consultants or other operators will not change our or their views or interpretations of such guidelines or change our or their interpretation on the commercial viability of given reserves, thus causing such reserves to be reclassified into another category under SPE-PRMS guidelines or other similar guidelines. Accordingly, there can also be no assurance that the reserves estimates that we have recorded at these blocks accurately reflect the currently available reserves at these blocks.

There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. The reserves data set forth in this Offering Circular represent estimates determined by independent petroleum engineering consultants according to current industry practice (where reserves estimations or assessments are applicable), or our own internal review. In general, estimates of economically recoverable oil and gas reserves are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reservoirs, historical production performance from the properties, the quality and quantity of technical and economic data, prevailing oil and gas prices applicable to a company's

production, extensive engineering judgments, the assumed effects of regulation by Government agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For those reasons, estimates of the economically recoverable oil and gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. In addition, such estimates can and will be subsequently revised as additional pertinent data becomes available prompting revision. Actual reserves may vary significantly from such estimates. To the extent that actual production is lower than the estimated reserves, our business, prospects, financial condition and results of operations are likely to be materially and adversely affected.

The estimates of gross working interest reserves set out in this Offering Circular, with respect to our reserves, reflect reserves attributable to our effective working interest under the applicable contractual arrangement before consideration of PSC terms. This is a different approach to the method stipulated under SPE-PRMS guidelines, which state that a producer's net entitlement to reserves should be estimated on the basis of the applicable contract terms taking into account project costs and profits. We believe that our approach reflects a common practice in our industry in Indonesia. Our approach may result in higher gross working interest reserves compared to such reserves as estimated under SPE-PRMS guidelines. Estimates of gross working interest reserves are also significantly affected by many factors, including (but not limited to) sales prices, production rates and capital and operating expenses prevailing as of the time such reserves are determined, as well as cost recovery provisions affecting the Government's share of such reserves and the portion of Government take payable to the Government as owner of the reserves. Such estimates may change materially from period to period even in the absence of any new geological information.

Estimates of proven and probable gold and copper reserves are uncertain and the volume and grade of ore actually recovered may vary from estimates.

The reserves stated in this Offering Circular represent the amount of gold and copper that are estimated at December 31, 2018 that could be economically and legally extracted or produced at the time of the reserve determination. Such reserves are calculated based on an internal technical report. Estimates of proved and probable reserves are subject to considerable uncertainty. Such estimates are, to a large extent, based on the prices of gold and copper and interpretations of geologic data obtained from drill holes and other exploration techniques, which data may not necessarily be indicative of future results. Producers use feasibility studies to derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates or metals from the ore, the costs of comparable facilities, the costs of operating and processing equipment and other factors. Actual operating and capital cost and economic returns on projects may differ significantly from original estimates. Further, it may take many years from the initial phases of exploration until commencement of production, during which time, the economic feasibility of production may change.

In addition, if the price of gold or copper declines from recent levels, if production costs increase or recovery rates decrease, or if applicable laws and regulations are adversely changed, we can offer no assurance that the indicated levels of recovery will be realized or that mineral reserves can be profitably mined or processed. If AMNT determines that certain of its ore reserves have become uneconomic, this may ultimately lead to a reduction in aggregate reported reserves. The foregoing could cause AMNT to revise its business plans or make asset impairments. Consequently, if AMNT's actual mineral reserves are less than current estimates, AMNT's results would be materially and adversely affected, which in turn would materially and adversely affect our business, prospects, financial condition and results of operations, which could in turn affect its ability to pay dividends to us.

Failure or delay by SKK MIGAS, our counterparties or us to comply with the terms of PSCs or other contracts under which we expect to hold our working interests, and the failure to receive SKK MIGAS and other government approvals on a timely basis, could adversely affect us.

SKK MIGAS currently regulates Indonesia's petroleum resources on behalf of the Government. SKK MIGAS enters (and prior to it, BP MIGAS had entered) into production sharing contracts and other forms of cooperation contracts with private sector energy companies, such as us (or in respect of pre-existing production sharing contracts, as the Government contract counterparty of private sector energy companies) whereby such companies explore, develop and market oil and gas in specified areas in exchange for a percentage interest in the production from the blocks in the applicable contract area. To the best of our knowledge, as of the date of this Offering Circular, we believe we and our partners have been in compliance with the terms of our PSCs.

Most of our reserves are attributable to PSCs. The PSCs to which we are a party contain requirements regarding quality of service, capital expenditures, legal status of the contractors, restrictions on transfer and encumbrance of assets and other restrictions. While there is no specific regulation under Indonesian law which requires the enforcement of a pledge of interests in oil and gas companies that control, directly or indirectly, interests in a PSC, to be approved by SKK MIGAS, we believe that such enforcement and transfer of interests will, as a matter of policy and market practice, require the approval of SKK MIGAS. Any failure by us or any private counterparty to comply with the terms of our PSCs could result, under certain circumstances, in the revocation or termination of such arrangements. Such an action by SKK MIGAS or Pertamina against us could have a material adverse effect on us. Furthermore, SKK MIGAS may fail to comply with the terms of PSCs. In addition, we must obtain approval from SKK MIGAS for substantially all material activities undertaken with respect to our PSCs, including acquisitions, divestments, exploration, development, production, drilling and other operations, sale of oil or natural gas and the hiring or termination of personnel. The failure to obtain such approvals or delays in obtaining such approvals, or conditions imposed in connection with the grant of such approvals, would have an adverse impact on us. As part of these PSCs, we finance such activities and facilities and equipment and recover our costs from the sales of the production, if there is successful production, in accordance with the terms of the PSCs. Our business and results of operations are substantially dependent on our relationship with SKK MIGAS and our counterparties, and any adverse change to these relationships may have a material adverse effect on our business, prospects, financial condition and results of operations.

Furthermore, through the Acquisition, we expect to acquire oil and gas assets not only in Indonesia, but also in Thailand, Vietnam, Malaysia, Mexico and Tanzania. Our operations in such countries following completion of the Acquisition are expected to be subject to significant regulation and we and our partners will need to comply with the terms of the PSCs or other arrangements under which we hold our working interests. A number of the Ophir Group's major projects are operated by joint venture partners or have joint venture partners with veto rights over certain decisions. The Ophir Group's ability to influence these operating (and non-operating) partners may limited. After the completion of the Acquisition, a failure by us or our partners to comply with the terms of PSCs or other arrangements under which we hold our working interests could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

The price paid to us under the GSA for Block A, Aceh may be lowered by the Government

Pursuant to Presidential Regulation No 40 of 2016 on the Determination of Gas Sales Price and MEMR Regulation No. 16 of 2016 on the Procedures in Determining the use and Price of Natural Gas, the Government may require us to reduce the gas sale price under our GSA with PT Pertamina (Persero) for the supply of gas from Block A, Aceh, from US$9.45/MMBTU to US$7.03/MMBTU. We have received legal advice that, under relevant regulations, any such reduction in price should require the Government to absorb any loss to us which would result from such price reduction by compensating us for that loss. In addition, we could reserve our rights under the terms of such GSA. However, if the gas sale price is adjusted and the Government ultimately refuses or fails to absorb any such losses, the uncompensated reduction of the gas sale price under such GSA would have a material adverse effect on our business, results of operations and financial condition.

We have in the past, and may again in the future, engage in acquisitions, which would be subject to risks.

We have in the past, and may in the future, continue to pursue strategic acquisitions that will expand our oil and gas business and our activity in the oil and gas industry generally, including transactions such as the Acquisition, or in our other lines of business, such as power and mining. We may not be able to identify opportunities or complete acquisitions or may be unable to obtain financing on acceptable terms or at all, or if we consummate acquisitions, we may not realize any anticipated benefits from such acquisitions. For international acquisitions in jurisdictions where we do not operate, we may face new and different regulatory regimes, environmental requirements and other regulations with which we need to comply. In addition, we are required to comply with covenants under certain of our existing funding agreements which may require written notification to and/or prior consent from the lenders in the event that we would like to consummate any acquisitions should such acquisition fall within the criteria for the covenants. The process of integrating acquired operations into our existing operations may result in unforeseen issues and may require financial resources that would otherwise be available for the ongoing development or expansion of our existing operations. Future acquisitions could result in the incurrence of additional debt, contingent liabilities and increased capital expenditures, interest and other costs, any of which could have a material adverse effect on our business, prospects, financial condition and results of operations by reducing our net profit or increasing our total liabilities, or both.

In addition, we have in the past recorded bargain purchase gains on certain of our acquisitions and in the future may recognize bargain purchase gains or acquisition of goodwill. For example, we recorded a bargain purchase gain of US$467.2 million in 2016 with respect to our investment in AMIV, reflecting that the purchase price we paid for our share in AMIV was less than the assessment of the fair value of our share of AMIV's assets based on a valuation report from an independent third-party valuer registered with the OJK. We have also recognized bargain purchase gains from the acquisition of our interest in South Natuna Sea Block B and the increases in our effective interests in Block A, Aceh and Lematang PSC. Bargain purchase gains and goodwill that we acquire are subject to impairment testing with respect to whether the value of the asset is recoverable, and therefore to the extent such assets decrease in value, we could record impairment losses in the future.

We may experience difficulties in expanding into new businesses and geographic areas.

We have already expanded, and may in the future again expand, our operations or invest in new businesses. For instance, in 2016, we acquired our interest in AMNT, which operates a copper and gold mine in Sumbawa. In addition, we have in the past expanded into jurisdictions outside of Indonesia, including among others Oman, Libya, Tunisia, and Yemen. We are also expanding our O&M business activities in the power sector. Prior to making our investment in AMNT, neither we nor our joint venture partner had experience in the gold and copper mining sector. We have also entered into different businesses from time to time which we have subsequently exited or otherwise hold for sale for portfolio rationalization, such as The Energy Building. We may have limited or no prior investment or operational experience in areas into which we expand in the future, and there can be no assurance that we will be successful in investing or operating in such areas, or that such activities will not detract the financial and personnel resources from our core business.

A majority of our oil and gas assets and operations is concentrated in Indonesia, all of MPI's operations are in Indonesia and AMNT's copper and gold mining operations are located within one contract area, which geographically exposes us to risks and hazards in those areas.

The concentration of our operations within Indonesia exposes us to the possibility that events could adversely affect the development or production of oil and/or gas, power generation or mining operations in limited geographic areas. Adverse developments with respect to the areas in which we or AMNT operate could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

The development and expansion of our projects under development, and following completion of the Acquisition, those of the Ophir Group, involve construction and financing risks that could lead to increased expenses and a loss of opportunities.

As part of our ongoing business, we participate in development projects. Such development projects involve many risks, including:

- the breakdown or failure of plant equipment or processes;
- the inability to obtain required governmental permits and approvals in time;
- work stoppages and other industrial actions by employees or contractors;
- opposition from local communities and special-interest groups;
- engineering and environmental problems;
- construction delays;
- inability to obtain working capital; and
- unanticipated cost overruns.

If we experience any of these or other problems, we may not be able to derive income and cash flows from the projects and investments in a timely manner, in the amounts expected or at all.

Furthermore, the projects we are developing and in which we invest require substantial capital outlay and a long gestation period before we realize any benefits or returns on investments. For example, with respect to our investment in Senoro-Toili, first gas discoveries were made at Senoro-Toili in 1999, we signed a GSA in 2009, the final investment decision was made in 2011, and gas deliveries began in 2014. More recently, in July 2017, we entered into a facility agreement for up to US$360 million for the development of Block A, Aceh (which has subsequently been refinanced), where first gas production and gas deliveries have begun in 2018. We also plan to focus on Senoro-Toili, where in 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by GCA compared to GCA's assessment in 2014 and where we are now evaluating potential development scenarios and preliminary engineering for Senoro-Toili Phase II and the investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Concurrently, we plan to continue with the development of the Ophir Group's projects under development, including Bualuang Phase IV in Thailand and Meliwis in Indonesia. Development of Senoro-Toili Phase II and these Ophir blocks will require additional financing. We cannot assure you that we will be able to obtain such financing on acceptable terms or at all.

In addition, the time and some of the costs required in completing a project may be subject to substantial increases due to factors including shortages, or increased competition or market prices, for materials, equipment, skilled personnel and labor; adverse weather conditions; natural disasters; labor disputes with contractors; accidents; changes in government priorities and policies; changes in market conditions; delays in obtaining the requisite licenses, permits and approvals from the relevant authorities; and other unforeseeable problems and circumstances. We cannot assure you that our projects will be completed on time, within budget or at all, or that their development period will not be affected by any or all of these factors. Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

We are engaged in the power generation and gold and copper mining business through MPI and AMI, respectively, which have required capital contributions and have substantial indebtedness.

Through our 88.62% effective interest in MPI, we are engaged in the power generation sector in Indonesia. Through our current 39.4% interest in AMI, which controls and has an economic interest in all of the shares in AMNT, we have an investment in a copper and gold mine in Sumbawa. These entities have historically been accounted for using the equity method and are not Restricted Subsidiaries (as defined under "Description of the Notes").

MPI and AMI and their respective subsidiaries have substantial indebtedness. In order to receive cash flows from these entities, we rely on dividends and there can be no assurance that we will receive dividends from MPI or AMI.

We currently do not expect make capital injections into AMI; however there can be no assurance that we will not do so in the future. We are working to ensure that MPI is self-financing and we also aim to bring in a second strategic investor for MPI to support future growth. However, AMI and MPI have required capital contributions in the past and there can be no assurance that these entities will be self-financing in the future in line with our strategies.

We may suffer uninsured losses or experience losses exceeding our insurance limits.

Our projects could suffer physical damage from fire or other causes, resulting in losses which may not be fully compensated by insurance. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in building regulations, environmental issues as well as other factors. In addition, there are certain types of losses, such as those due to earthquakes, floods, hurricanes, other natural disasters, terrorism or acts of war, which may be uninsurable or are not insurable at a reasonable premium. We may not carry coverage for timely completion of our projects under development, loss of rent or profit, defects in the quality of materials used, public liability insurance and comprehensive general liability insurance. Should an uninsured loss or a loss in excess of insured limits occur, we may lose the capital invested in and the anticipated revenue from the affected property. We could also remain liable for any debt or other financial obligation related to that property. In addition, any payments we make to cover any uninsured loss may be significant. We may bear the costs associated with any damage suffered by us in respect of these uninsured events. Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Our business is capital intensive, and if we are unable to obtain financing on terms acceptable to us to fund the substantial capital expenditure we expect to incur, we may not be able to implement our development plans.

We require, and will continue to require, substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves and, through MPI, we require and will continue to require substantial capital expenditures for the development of power projects. If certain oil and gas projects currently under development do not increase our production as quickly as expected or, if following such increases, our revenues subsequently decline, we may be constrained in our ability to secure the capital necessary to undertake or to complete future drilling or other programs. Our ability to obtain required capital on acceptable terms or at all is subject to a variety of uncertainties, including: limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities; whether it is necessary to provide credit support or other assurances from our shareholders on terms and conditions and in amounts that are commercially acceptable to them; limitations on our ability to raise capital in the capital markets and conditions of the various capital markets in which we may seek to raise funds; and our future results of operations, financial condition and cash flows. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet our requirements or, if debt or equity financing or loans are available, that it will be on acceptable terms. In addition, with respect to MPI, given that is not a Restricted Subsidiary (as defined under "Description of Notes"), our ability to make capital contributions or advances to, or enter into transactions with, MPI is limited.

To the extent we raise additional debt in order to fund our planned capital expenditures, this may pose additional risks and place restrictions on us which may, among other things:

- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

Any inability to access financing on acceptable terms and conditions could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Increases in interest rates may materially impact our financial condition.

We have entered into certain facility agreements pursuant to which we have indebtedness which is subject to floating rate interest payments. The outstanding indebtedness which is subject to floating interest rate represents 26.73% of our total outstanding indebtedness as of December 31, 2018. Under such facility agreements, we are exposed to interest rate risk in the future depending on the nature of our financing cash flows. We may from time to time enter into interest or other hedging contracts or financial arrangements in the future to minimize our exposure to interest rate fluctuations. These hedging contracts are designed to reduce the risk of exposure to variable interest rates. However, we cannot assure you that we will be able to do so on commercially reasonable terms or that any such agreements we enter into will protect us fully against these risks. Any increase in interest expense of our loan servicing obligations could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Changes to Indonesian FAS standards for lease accounting may adversely affect our financial results and position.

The International Accounting Standards Board ("IASB") released a new standard ("IFRS 16") on lease accounting, which replaced International Accounting Standards ("IAS") 17 Leases and which will be effective for financial reporting periods beginning on or after January 1, 2019. The corresponding standard we follow is PSAK 73 which will be effective for financial reporting periods beginning on or after January 1, 2020. The application of PSAK 73 is expected to have a significant impact on our consolidated financial statements, since under PSAK 73 operating leases will be treated the same as finance leases with an asset being recorded on the balance sheet along with a corresponding liability. On the income statement, operating lease payments will be recognized as interest expense and depreciation. This and any other changes to PSAK standards (or IFRS implemented by corresponding PSAK standards) that may be proposed in the future could have a material adverse effect on our results of operations or financial condition.

Although we are still in the process of analyzing the detailed consequences of PSAK 73's application, we currently believe that had PSAK 73 been applicable as at and for the year ended December 31, 2018, the estimated impact on our consolidated financial statements would have been as follows: (a) a significant increase in our consolidated assets; (b) a significant increase in our consolidated liabilities; (c) an increase in our consolidated depreciation expense; (d) an increase in our consolidated interest expense; and (e) a decrease in our consolidated lease expense. PSAK 73 will not have any impact on calculations we are required to make under the Indenture for the purposes of ensuring compliance therewith, as those will continue to be made in accordance with the PSAK standards in effect as at the issue date of the Notes, although (i) it will have effect on the calculations we are required to make and the operation of our certain of our covenants under the indentures for our 2022 Notes and 2025 Notes unless we are able to amend those indentures; and (ii) it is likely to lead to certain divergence between some financial metrics that we report on a regular basis (including Adjusted EBITDA of continuing operations) and related or similarly titled metrics under the Indenture and for covenant purposes.

We rely on equipment provided by third parties.

We compete with other oil and gas companies for equipment and human resources such as drilling rigs, supply vessels and helicopters, which are a limited resource given the competitive market in the Indonesian oil

and gas sector. While the current situation is such that there is an excess availability and capacity for oil and gas equipment and services, there is no assurance that this situation will continue. If we are unable to obtain the equipment that we need to carry out our development plans and operations, we may have to delay or restructure our development plans or curtail selected operations, which may have an adverse effect on our ability to commercialize our oil and gas reserves on a timely basis. Further, depending on the complexity of our development projects, the competitive dynamics of the market, and the availability and prices of our contractors and equipment, we may have to pay more than we currently anticipate to implement our development plans. In addition, both MPI and AMNT also compete with third parties for infrastructure and equipment for their respective businesses.

In the event of a disruption or delay in the availability of equipment provided by third parties, we, MPI and AMNT would be unable to sell our respective products until the problem is corrected or until we or they find alternative means to deliver our or their products to our or their customers. Such alternative means, if available, may result in increased costs, and could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Our use of 2D and 3D seismic data is subject to interpretation and may not accurately identify the presence of oil and gas.

Seismic data is a method used to determine the depth, orientation and configuration of subsurface rock formations. Seismic data is generated by applying a source of energy, from explosives or vibrations, to the surface of the ground and capturing the reflected sound waves to create two-dimensional ("2D") "lines" or three-dimensional ("3D") grids, the latter of which provides a more accurate subsurface understanding (which includes subsurface maps). Even when properly used and interpreted, 2D and 3D seismic data and visualization techniques are only tools used to assist geoscientists in interpreting subsurface structures and potential hydrocarbon occurrences and do not enable geoscientists to know whether hydrocarbons are, in fact, present in those structures or the amount of hydrocarbons. We employ 3D seismic technology to reduce the uncertainty of our projects. However, the use of 3D seismic and other advanced technologies requires greater pre-drilling expenditures than traditional drilling strategies. This could incur greater drilling and exploration expenses as a result of such expenditures, which may result in a reduction in its returns. Moreover, our drilling activities may not be successful or economical, and our overall drilling success rate, or our drilling success rate for activities in a particular area, could decline.

We are dependent on key personnel as well as the availability of qualified technical personnel.

We are dependent on senior management employees. If we lose the services of any of our key executive officers, it could be time consuming to find, relocate and integrate adequate replacement personnel into our operations, which could harm our operations and the growth of our business. We are also dependent on attracting qualified technical employees to provide services in relation to certain of our oil and gas operations. If we are unable to retain our current workforce or hire qualified technical personnel in the future, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, following the Acquisition, we intend to retain certain Ophir Group personnel to continue to assist with the operation of the Ophir Group assets. To the extent we are unable to retain such personnel on acceptable terms or at all, the integration of the Ophir Group assets or the operation of such assets could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

From time to time, we may be involved in legal, regulatory and other proceedings arising out of our operations, and may incur substantial costs arising therefrom.

From time to time we have been, and in the future may continue to be, involved in legal disputes. These disputes may cause us to incur substantial costs, delays in our development schedule, and the diversion of

resources and management's attention, regardless of the outcome. If we were to fail to win these disputes, we could incur substantial losses and face significant liabilities. Further, even if we were to win these disputes, we may incur substantial costs in mounting our defense. We may also be subject to regulatory action in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that could result in penalties and/or delayed construction of new logistics facilities. Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

We may not be able to renew our production sharing or concession arrangements on the same or attractive terms or at all.

Although in the past we have been able to renegotiate economic extensions for our previous expiring Indonesian PSCs, there can be no assurance that we will be able to negotiate new PSCs with SKK MIGAS, or concessions or other arrangements with other authorities, when existing arrangements expire, or that any new arrangements will be on terms that are satisfactory to us. In addition, as we acquire additional assets outside of Indonesia, we may be less familiar with the local regulations or requirements and may face new and unforeseen challenges in renewing PSCs or similar licenses. With respect to Ophir, Ophir recorded a US$613.7 million impairment of non-current assets held for sale in 2018, relating to the non-renewal of the Block R license in Equatorial Guinea (containing the Fortuna discovery) which expired at the end of 2018. The asset was classified as a non-current asset held for sale and has been fully recorded as an impairment. In addition, Ophir's Madura Offshore PSC and Sampang PSC, and our Senoro-Toili PSC and Lematang PSC, will expire in 2027. Any new arrangements could, among other things, reduce our production sharing entitlement, royalty or other payments or place other restrictions on our ability to realize economic value from our production entitlement. We also face risks in this regard because new contracts can be less attractive than existing PSCs and so we have increased our focus on older PSCs, which are more likely to require that we obtain extensions thereof. Failure to successfully negotiate any such extensions on favorable terms or at all could result in impairment losses and the loss of our ability to carry out activities on the applicable blocks, our inability to grow or maintain production levels and could therefore materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Due to the limited natural gas transmission and distribution infrastructure, failure by us to develop markets for the sale of our natural gas would have an adverse effect on our results of operations.

The limited natural gas transmission and distribution infrastructure within Indonesia and between Indonesia and other countries, including Singapore, has restricted the access to and consumption of Indonesian natural gas. There can be no assurance as to when or if a significant natural gas transmission and distribution system will be constructed. Construction of transmission and distribution pipelines and other infrastructure depends on many factors, many of which are beyond our control, such as government funding, costs of land acquisition, national and local government approvals and timely completion of construction.

Our natural gas is primarily transported through pipelines to the off-taker. Due to the limited natural gas delivery infrastructure, we must sell our natural gas to off-takers who are within close geographical proximity to our operations or find other means of monetizing such resources. We must seek to maximize utilization of our natural gas reserves by entering into working alliances as a gas supplier to obtain and secure long-term gas contracts with power plants and industrial users, among others, as new users of natural gas, or by investing interests in or acquiring power plants. Our ability to sustain the planned expansion of our natural gas exploration and production business by continuously finding, developing and maintaining markets for the sale of our natural gas will be subject to many factors, including our ability to obtain funding, regulatory approvals, competition from other regional and international gas producers, downstream market reforms such as reductions of fuel subsidies that could trigger public opposition, environmental regulations, and other operating or commercial risks, some of which are beyond our control. Any failure by us to find, develop and maintain markets for the sale of our natural gas would have a material adverse effect on our natural gas business and therefore could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Fluctuations in the value of the Indonesian Rupiah against foreign currencies may have an adverse effect on our results of operations.

While the Parent Guarantor reports its consolidated results in U.S. dollars, a substantial portion of our costs are generated in Rupiah, and following completion of the Acquisition, we will incur costs in certain other currencies, including primarily Thai Bhat and Vietnamese Dong. Revenues earned by us, the Ophir Group and AMNT are earned in U.S. dollars, and MPI's revenue is earned in Rupiah. Many of our and AMNT's operating costs, such as salaries and employee expenses, are denominated in Rupiah, and many of the expenses related to the Ophir Group's assets are denominated in Rupiah, Thai Bhat and Vietnamese Dong, as well as other currencies. Accordingly, we are exposed to fluctuations in the value of the Rupiah or other currencies, against the U.S. dollar. In addition, since MPI currently reports its results in Rupiah, fluctuations of the Rupiah against the U.S. dollar affect our accounting for MPI's net income. All of our borrowings are either in U.S. dollars or have been swapped to U.S. dollars, except in the case of MPI, which has some U.S. dollar and non-U.S. dollar borrowings not swapped to U.S. dollars, although, in the future, if we earn revenues or dividends from our investments in Rupiah, or have debt exposure in Rupiah or other currencies, fluctuations in the value of the Rupiah or other currencies against the U.S. dollar will affect the U.S. dollar cost to us of servicing and repaying these borrowings. We enter into currency hedging contracts to reduce the exposure to this risk. However, we cannot assure you that we will be able to do so on commercially reasonable terms or that any such agreements we enter into will protect us fully against these risks. Future fluctuations in the value of the Rupiah against foreign currencies, including but not limited to the U.S. dollar, could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

AMNT may be unable to replace gold and copper reserves as they become depleted.

Our gold and copper mining operations are carried out by our joint venture, AMNT. AMNT plans to continue the development of its Batu Hijau mine, and to engage in further appraisal on other discovered resources, including at Elang, which is its largest discovered resource. AMNT also plans further exploration activities in the future. There can be no assurance that AMNT's development plans will be successful or that its appraisal and exploration activities will result in the discovery or development of mineable reserves. With respect to exploration activities, if a viable commercial deposit is discovered, it can take several years and substantial capital expenditures from the initial phases of exploration until production commences during which time the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ from those anticipated at the time of discovery. In order to maintain gold and copper production beyond the life of AMNT's current proved and probable gold and copper reserves, additional gold and copper reserves must be appraised and developed. AMNT's appraisal and exploration programs may not result in the replacement of such gold and copper reserves or result in new commercial mining operations, which outcome could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Mining at Batu Hijau was most recently focused on ore production from Phase 6, which was completed in September 2017. Current mining at Batu Hijau is focused on stockpile processing and development of Phase 7. Overburden removal for Phase 7 commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years to fully complete, though we expect initial mining at Phase 7 to commence in the first half of 2020. During this hiatus in ex-pit ore production, Batu Hijau will feed its processing plant from existing long-term stockpiles of lower grade ore resulting in lower metal production during the Phase 7 overburden removal period. Predominantly low to medium grade ore has been accumulated in stockpiles since the start of operations in 2000 until the present day. AMNT believes there is sufficient stockpiled material for up to 10 years of concentrate production. AMNT believes that grade control from blast hole sampling and the precise spatial tracking of the placement of each truckload of this material on the stockpile have resulted in an accurate physical geo-model of the stockpile. However, these stockpiles have been classified as a probable mineral reserve in order to reflect some uncertainty regarding the degree of oxidation of the copper minerals over time, which affects metal recovery. In addition, Phase 7 could also experience unexpected problems and delays during development arising from such factors as unseasonal or exceptional wet weather and localized pit wall disturbance as well as other project and operational risks.

The interests of our controlling shareholders may differ from those of our Group.

PT Medco Duta, PT Medco Daya Abadi Lestari ("MDAL"), and PT Multifabrindo Gemilang are beneficially owned by, and/or held for the benefit of, Mr. Hilmi Panigoro, our President Director, and/or members of his family. The interests beneficially owned by, and/or held for the benefit of, Mr. Hilmi Panigoro and/or members of his family, through PT Medco Duta, PT Multifabrindo Gemilang, and PT Medco Daya Abadi Lestari, represent 50.46% of our total outstanding Shares as of April 16, 2019. As a result, these shareholders have the power to significantly influence the management and policies of the Parent Guarantor. Under Indonesian regulations, an affiliate transaction is a transaction entered into between a company and its affiliates or affiliates of a member of the board of directors of a company, a member of the board of commissioners or a substantial shareholder who owns at least 20% of the total issued and paid up capital of such company. An affiliate transaction does not require prior approval by a company's independent shareholders. Subject to certain exemptions, the company must publicly disclose the transaction, including providing a fairness opinion from an independent appraiser. An affiliate transaction may, however, be a conflict of interest transaction if such transaction could raise a conflict between the economic interests of the company and the personal economic interests of a member of the board of directors or board of commissioners or substantial shareholder or any of their affiliates, which may be detrimental to us. If the transaction is considered to be a conflict of interest transaction, it will be subject to the approval of Parent Guarantor's independent shareholders, which could affect our ability to enter into such transactions even if such a transaction may be in our interests.

The interests of the Parent Guarantor's controlling shareholders may differ from ours, and such shareholders may vote their shares in a way which prioritizes their interests over ours. Resulting transactions may be adverse to us or holders of the Notes. To the extent that we enter into affiliate transactions without public disclosure and providing the fairness opinion or enter into conflict of interest transactions without independent shareholder approval, the Parent Guarantor may be subject to administrative sanctions under OJK Regulations, such as written notices, fines, restrictions of business activity, ceasing business activity, revocation of license, cancelation of approval and/or cancelation of registration. In addition, MDAL may be subject to certain covenants and restrictions with respect to its shareholding in the Parent Guarantor pursuant to financing arrangements with its lenders, including having to provide a pledge over its shares in the Parent Guarantor. The interests of MDAL's lenders may also differ from ours and the exercise of certain rights by these lenders may be adverse to ours and to the holders of the Notes. See "Principal Shareholders of the Parent Guarantor."

Indonesian law contains provisions which may cause us to forego transactions that are in our best interests.

In order to provide more legal certainty and protection to shareholders, in particular the independent shareholders, in connection with affiliated party transactions or conflict of interest transactions conducted by an issuer or an Indonesian public company, in November 2009, Bapepam-LK issued Rule No. IX.E.1 on Affiliated Party Transaction and Conflict of Interest of Certain Transaction which replaced the previous rule issued in 2008 ("Rule No. IX.E.1").

Rule No. IX.E.1 requires the issuer or the Indonesian public company to disclose information to the public or to submit a report to OJK of its affiliated party transaction by the end of the second working day following such a transaction and further stipulates that any conflict of interest transaction conducted by Indonesian public companies would require prior independent shareholders' approval of the issuer or the said Indonesian public company, unless such affiliated party transaction or conflict of interest transaction meets certain exemptions stipulated under this rule.

Transactions between us and other persons could constitute an affiliated party transaction or conflict of interest transaction under Rule No. IX.E.1. If such a transaction falls under the conflict of interest transaction, the approval of holders of a majority of shares owned by the independent shareholders would have to be obtained prior to conducting such a transaction. OJK has the power to enforce this rule and our shareholders may also be entitled to seek enforcement or bring enforcement actions based on Rule No. IX.E.1.

The approval of independent shareholders is designed to be a control to stop abuse by controlling shareholders. However the requirement to obtain independent shareholder approval could be burdensome to us in terms of time and expense and could cause us to forego entering into certain transactions which we might otherwise consider to be in our best interests. Moreover, we cannot assure you that approval of the independent shareholders would be obtained if sought.

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

There may be less publicly available information about Indonesian public companies, such as the Parent Guarantor, than is regularly made available by public companies in the United States, the European Union and other countries. In addition, our financial statements have been prepared in accordance with Indonesian FAS, which differs in certain material respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP." Further, although we are required to comply with the requirements of OJK with respect to corporate governance standards, these standards may differ materially from those applicable in other jurisdictions, such as the United States or the European Union.

Political and social instability in the countries where we operate could adversely affect us.

While our assets are primarily located in Indonesia, we also have assets or operations in Oman, Tunisia, Yemen and Libya. Following completion of the Acquisition, we also expect to have operations in other countries, including Thailand, Vietnam, Tanzania, Mexico and Malaysia. Exploration and development activities in these countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations, such as the risks of war, actions by terrorist or insurgent groups, community disturbances, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls, and governmental regulations that favor or require awarding contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any of the factors detailed above or similar factors or the occurrence of any of the foregoing events in Indonesia or the other countries where we operate could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

In 2016, we recorded impairment losses on our oil and gas properties of US$278.5 million (of which $100 million with respect to Libya was reversed in the nine-month period ended September 30, 2017), primarily related to impairments of our assets in Libya and Tunisia partly resulting from our risk assessment related to political conditions in the North African region. Due to political conditions in Libya and Yemen, we have reduced activities at, and in the case of Yemen, relinquished our rights to, certain of our oil and gas blocks in these countries. In addition, exploration activities in Libya are currently suspended under force majeure. There can be no assurance that our rights to these blocks will not be impaired or terminated as a result, including, for example, because we are deemed not to have fulfilled our development or other obligations relating thereto.

If a dispute arises in connection with our operations, it may be subject to the exclusive jurisdiction of courts in those countries or arbitration tribunals or may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to more favorable jurisdictions. Further, we may also be adversely affected by increased action by non-governmental organizations opposed to the oil and gas exploration and production industry.

Political and related social developments in the countries where we operate have been unpredictable in the past and there can be no assurance that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, have a material adverse effect on our business,

financial condition, result of operations and prospects and the Issuer's ability to meet its payment obligations under the Notes.

Our operations could be disrupted by community or labor issues.

We are subject to risks associated with community and workforce unrest. For example, AMNT's Batu Hijau operations faced demonstrations, including protests and roadblocks by the local community in 2011 and again in 2015 relating to a worker recruitment process by AMNT. The local community believed that AMNT conducted an unfair recruitment process by accepting the workers from families of the local village and sub-district officials. The Batu Hijau mine also faced temporary work stoppages in 2011 and 2012. In addition, development of the geothermal facility at Sarulla, which is not operated by us, was also impacted by social unrest, including riots, which delayed commercial operation of the first facility there. In addition, our operations in Tunisia were suspended due to labor protests in connection with a general strike in the country from April to June 2017. We cannot predict whether similar or more significant incidents will occur and the recurrence of significant opposition from the local community could disrupt exploration, development or operational activities and, thereby, adversely affect our assets and operations or our other operations. Indonesia has seen greater worker and union activism in recent times, and a strike or other labor disputes could adversely affect our operations and assets. Strikes and labor disputes can have various causes, including disagreements on wages, benefits, work conditions and job security, as well as layoffs, which can result from, among other things, reduced labor needs during the lifecycle of our projects. Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Oil and gas facility and pipeline, mine closure and remediation costs and abandonment costs and environmental liabilities may exceed the provisions we have made therefor.

Natural resource extractive companies are required to close their operations and rehabilitate the lands that they mine in accordance with a variety of environmental laws and regulations in accordance with the obligations in their PSCs, contracts of work, or IUPK, and a variety of implementing environmental laws and regulations, as applicable. Under the Indonesian mining law (the "Mining Law"), mining companies are required to submit reclamation plans and post-mining activity plans to the Directorate General of Minerals, Coal and Geothermal ("DGMCG"). Mining companies are also required to provide reclamation and post-mining guarantees as a commitment to implement the reclamation and post-mining activities as stipulated in the plan. The amount of guarantee itself is determined by the DGMCG based on its assessment and valuation of the plan submitted by the mining company. Estimates of the total ultimate closure and rehabilitation costs may be significant and based principally on current legal and regulatory requirements and closure plans that may change materially. Any underestimated or unanticipated rehabilitation costs could materially affect our or AMNT's business and prospects. The laws and regulations governing oil and gas facilities and pipelines, mine closure and remediation are subject to review at any time and may be amended to impose additional requirements and conditions which may cause our or AMNT's provisions for environmental liabilities to be underestimated and could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

In addition, following completion of the Acquisition, we will be subject to Ophir's abandonment and remediation liabilities, which could cause us to incur costs and/or undertake remediation or similar activities.

The exploration, development, and operation of the Sarulla geothermal power project is subject to geological risks and uncertainties.

The Sarulla geothermal power project, in which MPI owns an 18.6% interest, is subject to various uncertainties, such as potential dry holes, flow-constrained wells and uncontrolled releases of pressure and temperature decline. In addition, the high temperature and high pressure in geothermal energy resources requires special resource management and monitoring. Because geothermal resources are complex geological structures, there can be no assurance that MPI's estimates of their geographic area are accurate. The viability of geothermal

projects depends on different factors directly related to the geothermal resource, such as the heat content (the relevant composition of temperature and pressure) of the geothermal resource, the useful life (commercially exploitable life) of the resource and operational factors relating to the extraction of geothermal fluids. Although MPI believes its geothermal resources will be fully renewable if managed appropriately, the geothermal resources that MPI intends to exploit may not be sufficient for sustained generation of the anticipated electrical power capacity over time. Further, MPI's geothermal resources may suffer an unexpected decline in capacity. Any of these factors could adversely affect MPI's development of the Sarulla geothermal power project and, in turn, could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

RISKS RELATING TO THE ACQUISITION

We do not currently control the Ophir Group and the Ophir Information has been extracted from Public Sources which may be less reliable than information provided about our operations, business and financial condition.

The Ophir Information has been obtained from certain Public Sources. As the Acquisition has not been completed and there is still no affiliation between us and Ophir, we, our independent auditors, and the Initial Purchasers had limited access to Ophir's management and legal, business, financial and other due diligence documentation in connection with this offering. None of us, our independent auditors or the Initial Purchasers has independently verified any of the Ophir Information other than in connection with such due diligence or makes any representation, express or implied, or accepts any responsibility or liability as to the accuracy, completeness or reliability of such information.

The historical financial information for Ophir and the pro forma financial information included in this Offering Circular may not be representative of our results as a combined company in the future.

The pro forma financial information included in this Offering Circular is based upon the historical audited consolidated financial statements for the year ended December 31, 2018 of each of the Company and Ophir (reclassified as described under "Unaudited Pro Forma Combined Consolidated Financial Information"). The unaudited pro forma combined consolidated statement of financial position as of December 31, 2018 gives effect to the Acquisition as if it had occurred on January 1, 2018. The unaudited pro forma combined consolidated profit or loss and other comprehensive income for the year ended December 31, 2018 give effect to the Acquisition as if it had occurred on January 1, 2018. Neither the underlying pro forma adjustments nor the resulting pro forma financial information have been audited in accordance with Indonesian FAS. Solely for the purpose of preparing the pro forma financial information, the historical audited consolidated financial statements of Ophir for the year ended December 31, 2018 have been reclassified in accordance with Indonesian FAS, although originally prepared in accordance with EU IFRS.

The pro forma financial information included in this Offering Circular has been prepared to illustrate the effects of, among other things, (i) consummation of the Acquisition; (ii) repayment of Ophir indebtedness; and (iii) additional indebtedness pursuant to this offering. The unaudited pro forma financial information presented in this Offering Circular is based in part on certain assumptions regarding Ophir, the Acquisition and intercompany eliminations. We cannot assure you that our assumptions will prove to be accurate over time. The unaudited pro forma financial information included in this Offering Circular is not necessarily indicative of the total return, the financial position or cash flows that we would have achieved had we actually completed the Acquisition as of December 31, 2018 (with respect to the unaudited pro forma combined consolidated statement of financial position as of December 31, 2018) and January 1, 2018 (with respect to the unaudited pro forma combined consolidated profit or loss and other comprehensive income for the year ended December 31, 2018).

Furthermore, the unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income does not take into account: (i) additional interest expenses which would have been payable on the Notes issued pursuant to this offering, had such Notes been issued as of January 1, 2018; (ii) a reduction in interest expenses with respect to certain Ophir Group debt to be repaid, had such debt actually have

been repaid as of January 1, 2018; and (iii) the effects on income tax expenses of the pro forma adjustments set forth in Note 3 Unaudited Pro Forma Combined Consolidated Financial Information assuming the Acquisition had occurred as of January 1, 2018. Given the unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income does not take account of the foregoing expenses that, although the amounts are not definitively determined, would have been incurred or not incurred (as applicable) had the Acquisition taken place on January 1, 2018, the unaudited pro forma combined consolidated loss for the year of the Company set forth herein would have been higher by the amount of the impact of such items had they been accounted for.

The due diligence undertaken in connection with the Acquisition may not have revealed all relevant considerations or liabilities of the Ophir Group, and the Acquisition also generally subjects us to the liabilities of the Ophir Group, and such liabilities could have a material adverse effect on our financial condition or results of operations.

There can be no assurance that the due diligence undertaken by us in connection with the Acquisition has revealed all relevant facts that may be necessary to evaluate the Acquisition. Furthermore, the information provided during due diligence may have been incomplete or inadequate. As part of the due diligence process, we have also made subjective judgments regarding the results of operations, financial condition and prospects of Ophir. If the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in Ophir, or if we consider any identified material risks to be commercially acceptable relative to the opportunity, we may incur substantial impairment charges or other losses following the Acquisition.

As part of the Acquisition, we will acquire the Ophir Group and assume all of its assets and liabilities. Additional information about the Ophir Group that we are currently not aware of (including previously undisclosed liabilities of Ophir that were not identified during due diligence) and that could adversely affect us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws, could increase our costs and expenses due to exposure to such unanticipated liabilities and therefore could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations. Furthermore, the acquisition of the Santos assets included both certain producing assets which were acquired by Ophir in September 2018, an exploration asset which was acquired in December 2018 and certain exploration assets which have not yet been transferred due to the requirement to obtain regulatory consents. In the event that the closing with respect to the remaining exploration assets does not occur, Ophir has agreed to pay Santos Limited an amount in recognition of the ongoing commitments at these assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations for the Ophir Group — Contingent Liabilities."

In addition, in recent years Ophir has been engaged in downsizing and redundancy-related activities, including in relation to management and employees. Ophir will be subject to costs relating thereto and could also face disputes and litigation relating thereto, and may be subject to greater attrition. Ophir is also entering into retention-related activities with certain staff which may not be adequate or effective. Following completion of the Acquisition, we could be subject to liabilities or disputes with respect to such activities which could adversely affect our financial position and require management attention.

The Acquisition is subject to various closing conditions, including governmental and regulatory approvals, as well as other uncertainties, and there can be no assurances as to whether or when it may be completed. Failure to complete the Acquisition could negatively impact our business and financial results.

There can be no assurance that the proposed Acquisition will close on the terms or in the manner in which we currently anticipate, or at all. The completion of the Acquisition is subject to certain customary conditions precedent, including some that are not within our control, and it is possible that such conditions precedent may prevent, delay or otherwise materially adversely affect the completion of the Acquisition. These conditions include, among other things: (i) the sanction of the High Court of Justice in England and Wales of the Scheme of Arrangement; and (ii) the Scheme of Arrangement becoming effective by June 20, 2019 (or such later date as we and Ophir may agree, with the consent of the UK Panel on Takeovers and Mergers (the "Panel") and as the High

Court of Justice in England and Wales may allow); and (iii) the receipt of certain required antitrust, regulatory and other approvals. See "Proposed Acquisition of Ophir — Acquisition Structure."

We cannot predict with certainty whether and when any of the remaining required conditions will be satisfied or if another uncertainty may arise. If the Acquisition does not receive, or timely receive, the required approvals and clearances, or if another event occurs that delays or prevents the completion of the Acquisition, such delay or failure to complete the Acquisition and the acquisition process may cause uncertainty or other negative consequences that may materially and adversely affect our business, financial condition and results of operations and, to the extent that the current price of our shares reflects an assumption that the Acquisition will be completed, the price per share of our shares could be negatively impacted.

In order to close the Acquisition in a timely manner we may decide to waive some or all of the regulatory approvals which are conditions precedent to effectiveness of the Scheme of Arrangement. Any such decision to waive would be based upon a commercial assessment of the likely benefits and advantages of waiving such conditions. There can be no assurance that the outcome of any such assessment will ultimately be in line with the assessment made prior to any waiver of regulatory approvals. As such there can be no assurance that any negative consequences would not outweigh the benefits gained from closing the Acquisition while waiving such conditions.

The Takeover Code (as defined below) restricts our ability to cause Ophir to complete the Acquisition and limits the relief we may obtain in the event Ophir's Board of Directors withdraws its support of the Acquisition.

The UK City Code on Takeovers and Mergers as applied by the Panel (the "Takeover Code") limits the contractual commitments that may be obtained from Ophir to take actions in furtherance of the Acquisition, and Ophir's Board of Directors may, if its fiduciary duties so require, withdraw its recommendation in support of the Acquisition, and withdraw the Scheme of Arrangement, at any time prior to the Scheme of Arrangement becoming effective. The Takeover Code does not permit Ophir to pay any break fee to us if the Ophir Board of Directors does take any of the aforementioned actions, nor can Ophir be subject to any restrictions on soliciting or negotiating other offers or transactions involving Ophir other than the restrictions that arise under the Takeover Code against undertaking actions or entering into agreements which might frustrate the Acquisition.

Even if a material adverse change to Ophir's business or prospects were to occur prior to closing of the Acquisition, we may not be able to invoke the offer conditions and terminate the Acquisition.

Under the Takeover Code, and except for a limited number of conditions, we may invoke a condition to the Acquisition to cause the Acquisition not to proceed only if the Panel is satisfied that the circumstances giving rise to that condition not being satisfied are of material significance to us in the context of the Acquisition. The Panel consent requirement and the conditions, including as to a material adverse change affecting Ophir, may result in our inability to invoke the relevant condition(s) and terminate the Acquisition prior to its completion despite the occurrence of a material adverse change in Ophir's business and/or prospects, which in turn, could materially and adversely affect our business, prospects, financial condition and results of operations.

Business growth opportunities, cost savings and synergies achieved through the Acquisition may differ from those anticipated and the challenges and/or costs of integration may be higher than expected.

While we believe that we have reasonably estimated the business growth opportunities, cost savings and synergies expected to arise from the Acquisition, unanticipated events or liabilities may arise which could result in a delay or reduction in the benefits that we derive from the Acquisition, or in costs significantly in excess of those estimated, including as a result of any unanticipated challenges and/or costs associated with integrating the Ophir Group or its assets into our business. Such challenges and/or costs could arise from the redeployment of resources in different areas of operations to improve efficiency; the diversion of management's attention from ongoing business concerns to the assets acquired in connection with the Acquisition; regulatory or legal

challenges; and addressing possible differences between our business culture, processes, controls, procedures and systems and those of the Ophir Group. In particular, the Ophir Group's average daily production for 2018 was 29.7 MBOE/d (on a pro forma basis including production for the year ended December 31, 2018 from the Santos Assets) but Ophir's latest annual report indicates expected production for 2019 to be lower at 25 MBOE/d. The Acquisition increases our interests in production, development and exploration assets. This could place additional demands on our management team and require additional skills and resources. Additionally, the Acquisition might affect the relationships that the Ophir Group has with suppliers, third-party service providers and joint venture partners and governments, and adversely affect our performance and/or potential growth opportunities after the completion of the Acquisition.

Under any of these circumstances, the business growth opportunities, cost savings and other synergies we anticipate to result from the Acquisition may not be achieved as expected, or at all, or may be materially delayed. The incurrence of higher integration costs or us achieving lower synergy benefits than expected could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Our future prospects may, in part, be dependent on effective integration of us and the Ophir Group, including with respect to key employees and operational systems.

Our future prospects may, in part, be dependent upon our ability to integrate us and the Ophir Group successfully and any other businesses that we may acquire in the future without material disruption to the existing business. Our performance in the future will, among other things, also depend on the successful integration and motivation of our and the Ophir Group's key employees. It is possible that failure to retain certain individuals during the integration period will affect our ability to integrate the Ophir Group successfully into our business and such a failure could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

The Acquisition is being funded from new debt which may reduce our financial flexibility.

The Acquisition is being funded from the net proceeds of the Notes. Consequently, the Acquisition will increase our overall indebtedness, which will result in increased repayment commitments and borrowing costs. We also intend to repay Ophir's outstanding material debt in connection with the Acquisition. See "Description of Other Ophir Material Indebtedness." This could limit our commercial and financial flexibility, causing us to reprioritize uses of capital to the potential detriment of our prospects and the value of our assets. See "— Risks Relating to Our Business and Operations — Our business is capital intensive, and if we are unable to obtain financing on terms acceptable to us to fund the substantial capital expenditure we expect to incur, we may not be able to implement our development plans."

Drilling, exploration and production operations by the Ophir Group or operators of assets in which it has an interest will involve risks normally incidental to such activities, such as natural disasters and geological uncertainties.

Drilling, exploration and production operations by the Ophir Group or operators of assets in which it has an interest will involve risks normally incidental to such activities, including encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

Given the nature of its offshore, deep-water operations, the Ophir Group's exploration and drilling equipment, and in particular its rigs, are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding, damage from severe storms or other severe weather conditions. The offshore drilling conducted by the Ophir Group involves drilling risks including high pressures and mechanical difficulties, which increase the risk of delays in drilling and of operational issues arising.

The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, production delays, failure to produce oil or gas in commercial quantities or an inability to exploit fully discovered reserves. They could also result in significant delays to drilling programs, a partial or total shutdown of operations, significant damage to the Ophir Group's equipment and equipment owned by third parties and personal injury or wrongful death claims. These events can also put at risk some or all of its licenses or PSCs which enable it to explore, and could result in significant civil liability claims, significant fines or penalties as well as criminal sanctions. The Ophir Group may also be required to curtail or cancel any operations on the occurrence of such events.

The Acquisition may subject us to tax liabilities in Tanzania

In 2014, the Ophir Group sold a 20% interest in Tanzania Blocks 1, 3 and 4 for US$1.3 billion for which it paid US$222.4 million in Tanzanian capital gains taxes on the related gains. At present, the Ophir Group holds a 20% interest in Tanzania Blocks 1 and 4. In the meantime, in 2015, Royal Dutch Shell ("Shell") acquired British Gas, which held a 60% interest Blocks 1, 3 and 4. The Tanzanian Revenue Authority assessed a very significant capital gains tax on Royal Dutch Shell Tanzania in connection with the British Gas acquisition given the indirect transfer of British Gas's interest in the Tanzanian blocks. Shell has disputed this assessment and the dispute currently remains unresolved.

In connection with our acquisition of Ophir, we believe that the Ophir companies in Tanzania ("Ophir Tanzania") should not be subject to a material capital gains tax obligation given that we have assessed a low value for the Tanzanian blocks held by Ophir Tanzania. However, the tax authorities in Tanzania may take the view that Ophir Tanzania is subject to capital gains tax based on, among other things, different valuation methodologies and the taxes previously paid by Ophir in the context of its 2014 disposal and/or the ongoing dispute with Shell. If Ophir Tanzania is assessed a capital gains tax liability which exceeds our current estimate of the tax due, we will assess our options and may decide, as a commercial matter, to contest the assessment, pay the capital gains tax that is ultimately assessed, dispose of our interests in the blocks, which may be for little or no consideration, or pursue other alternatives.

Political conditions in Thailand could impact our business.

Following completion of the Acquisition, we expect to hold interests in the Bualuang and Sinphuhorm fields in Thailand. As a result, we would be subject to the risk that our business may be impacted by the ongoing political situation in Thailand, which has been unstable from time to time. On May 22, 2014, Thailand's Army Commander-in-Chief Gen. Prayuth Chan-ocha declared a coup. The National Council for Peace and Order was then established, comprised of leaders from the army, navy, air force and police. The 2007 constitution was abrogated and replaced with a new constitution in August 2016. A general election was held in March 2019 and the leadership of the new government, as well as the new government's stance on the regulation of the oil and gas industry as well as any potential actions related to its oil and gas industry, remain uncertain. There can be no assurance that there will be no further political disruptions in the future or that the new government will continue the policies of the previous government with respect to the oil and gas industry. Prolonged political instability in Thailand or changes in policies related to the oil and gas industry could have a material adverse effect on the economic and legal conditions in Thailand as well as our current interests in Thailand, which in turn could have a material adverse effect our business, financial condition, results of operations and prospects.

Ophir's producing assets in Indonesia are in decline, and the relevant licenses are due to expire in the medium term. The offtake arrangements in respect of certain of the Indonesian assets are also subject to regulatory approval.

The Madura Offshore PSC and the Sampang PSC will expire in 2027, and production in these Indonesian assets is in decline. The development of the Meliwis gas field and other exploration prospects is key to extending economic production from these Indonesian assets. Although the final investment decision for the Meliwis gas field development, along with the signing of a gas sale and purchase agreement, was taken in February of 2019, both the gas sale and purchase agreement for Meliwis and a gas sale and purchase agreement (replacing the

current gas sale and purchase agreement) for the Maleo gas field which is also located within the Madura Offshore PSC, which will result in increased prices from mid-2019, remain subject to regulatory approval. In addition, for the Sampang PSC, the Oyong gas sale and purchase agreement will expire in September 2019 and the Wortel gas sale and purchase agreement is expected to terminate in 2020. The 2027 license expiry increases the risk of the currently planned Paus Biru well in the Sampang PSC, even if it discovers hydrocarbons, not delivering attractive returns or even positive value due to a potentially insufficient remaining license term.

The decline of production in the Indonesian assets, a negative final investment decision in respect of the Meliwis gas field, a failure to obtain regulatory approval in respect of the Maleo and Meliwis gas sale and purchase agreements and the 2027 license expiry could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

The producing asset in Vietnam is not a growth asset and the infield opportunities for growing production are uncertain.

The Chim Sáo field under the Block 12W PSC is a mid-life field at the early stages of production decline, and although there are material in-field opportunities that the Ophir Group intends to pursue, there is no certainty that these opportunities will enable the arrest of the production decline and extend the field life.

The Block 12W FPSO was designed with a 15-year design life ending on October 14, 2026. The joint venture partners in the Block 12W PSC may be liable to pay for repair and maintenance costs in relation to the Block 12W FPSO in order to allow production under the Block 12W PSC to continue and/or production may have to be suspended or terminated as a result of a failure of the Floating Production Storage and Offloading facilities ("FPSO") or the production facilities. See "Proposed Acquisition of Ophir — Business of the Ophir Group."

We do not currently control the Ophir Group and will not control Ophir Group until the Scheme of Arrangement becomes effective.

We will not obtain control of the Ophir Group or its assets until the Scheme of Arrangement has become effective in accordance with its terms. We cannot assure you that during the interim period and before the Scheme of Arrangement becomes effective, the business or assets of the Ophir Group will be operated as we intend to operate the business or assets of the Ophir Group following the effective date of the Scheme of Arrangement. See "Proposed Acquisition of Ophir — Acquisition Structure — Scheme of Arrangement."

In addition, until up to 30 days after completion of the offering of the Notes, the entities in the Ophir Group will not be subject to the covenants included in the Indenture. As such, we cannot assure you that, prior to such date, any member of the Ophir Group will not take an action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

Uncertainty surrounding the United Kingdom's departure from the European Union may have unforeseen effects and could adversely affect us, Ophir and the Acquisition.

On June 23, 2016, the electorate in the United Kingdom voted in favor of leaving the European Union (commonly referred to as "Brexit"). Thereafter, on March 29, 2017, the country formally notified the EU of its intention to withdraw pursuant to Article 50 of the Lisbon Treaty, triggering the two-year negotiation period for exiting the EU. The withdrawal date of the United Kingdom from the European Union has thereafter been extended and it is uncertain when, or if, the United Kingdom will leave the European Union. Given the uncertainty around Brexit as well as uncertainty regarding the timeline and manner in which Brexit will occur, if at all, we cannot provide assurances that the ongoing Brexit process will not materially and adversely affect the Acquisition or our or our investments' business, prospects, financial condition and results of operations (which includes those of Ophir).

RISKS RELATING TO OUR INDUSTRIES

The volatility of prices for crude oil could adversely affect the Group's financial condition and results of operations.

Our future revenues will be highly dependent upon the prices of, and demand for, oil and natural gas. Our profitability is determined in large part by the difference between the prices received for the oil and natural gas and the costs of exploring for, developing, producing and selling these products. We currently sell most of our oil at prices based on the ICP. Currently, we sell all of our natural gas under long-term contracts. Some of our contracts, which represented approximately 55% of gas sales volume in 2018, contain pricing linked to oil prices, such as the Senoro GSA and one of the South Natuna Sea Block B GSAs. The remaining 45% was sold domestically within Indonesia under fixed price or inflation linked long-term contracts with no linkage to oil price, and accordingly, our revenue from natural gas sales is not subject to as much price volatility as with sales of oil.

There have recently been significant fluctuations in the prices of crude oil, with oil prices having dropped significantly in 2015. In 2015, our average realized crude oil price was US$49.29 per BBL, representing a 49.6% decline from our average realized crude oil price in 2014 of US$97.83 per BBL, which impacted our revenues and profitability and impacted the value of our assets as we recorded an asset impairment of US$203.9 million in 2015. The average monthly ICP-SLC ranged from US$79 per BBL to US$35 per BBL from January 1, 2010 to December 31, 2015 and, more recently, the average monthly ICP-SLC decreased from US$64 per BBL in November 2018 to US$56 per BBL in December 2018.

The market prices of crude oil are subject to a variety of factors beyond our control. These factors, among others, include:

- international events and circumstances, as well as political developments and instability in petroleum producing regions, such as the Middle East (particularly the Persian Gulf, Iraq and Iran), Latin America and Western Africa;
- the ability of the Organization of Petroleum Exporting Countries ("OPEC") and other petroleum-producing nations to set and maintain production levels and therefore influence market prices;
- market prices and supply levels of substitute energy sources, such as coal;
- domestic and foreign government regulations with respect to oil and energy industries in general;
- the level and scope of activity of oil speculators;
- weather conditions and seasonality; and
- overall global economic conditions.

In the event of sustained low oil prices, we attempt to reduce our cost of production and curtain exploration activities. In the event that the price of oil falls below the cost of production, we may reduce oil production to a level where we can produce oil economically. These circumstances could lead to further decreases in our revenues, net income and cash flows. We do not materially hedge our exposure to movements in oil prices and any significant decreases in the price of oil and gas could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

A substantial or extended decline in gold or copper prices would have a material adverse effect on AMNT.

AMNT's business is dependent on the prices of gold and copper, which fluctuate on a daily basis and are affected by numerous factors beyond our control. Factors tending to influence prices include:

- gold sales, purchases or leasing by governments and central banks;
- speculative short positions taken by significant investors or traders in gold or copper;

- the relative strength of the U.S. dollar;
- the monetary policies employed by the world's major central banks;
- the fiscal policies employed by the world's major industrialized economies;
- expectations of the future rate of inflation;
- interest rates;
- recession or reduced economic activity in the United States, China, India and other industrialized or developing countries;
- decreased industrial, jewelry or investment demand;
- increased import and export taxes;
- increased supply from production, disinvestment and scrap;
- forward sales by producers in hedging or similar transactions; and
- availability of cheaper substitute materials.

Any decline in AMNT's realized gold or copper price could adversely impact our net income. In addition, sustained lower gold or copper prices can:

- reduce revenues further through production declines due to cessation of the mining of deposits, or portions of deposits, that have become uneconomic at sustained lower gold or copper prices;
- reduce or eliminate the profit that we currently expect from ore stockpiles and ore on leach pads and increase the likelihood and amount that AMNT might be required to record as an impairment charge related to the carrying value of its stockpiles;
- halt or delay the development of new projects;
- reduce funds available for exploration and advanced projects with the result that depleted reserves may not be replaced; and
- reduce existing reserves by removing ores from reserves that can no longer be economically processed at prevailing prices.

Our operations are subject to significant operating hazards.

Our oil and gas exploration, development and production operations are subject to significant risks normally associated with such activities, including drilling blowouts, pipeline ruptures, explosions, oil spills and fires. Any of these risks could result in environmental pollution, damage to or destruction of wells, production facilities or other property, or injury to persons or fatalities. While we aim to prepare for, and train our personnel to deal with, such emergencies, if we are unable to quickly fix the damage resulting from such accidents, our financial condition and results of operation could be materially and adversely impacted. In addition, drilling hazards or environmental damage could increase the cost of operations, and various field operating conditions may adversely affect our production levels from successful wells. These conditions include delays in obtaining government approvals or consents, shut-in of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions cannot be eliminated and can be expected to materially and adversely affect revenue and cash flow to varying degrees. Offshore production facilities are subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision and damage from severe weather or tidal conditions. These hazards can cause substantial damage to facilities and interrupt production. Offshore oil activities can also be affected by ocean conditions arising from occurrences such as typhoons and tsunamis.

In addition, the exploration and development of natural resources and the development and production of oil and gas, mining or power operations are activities that involve a high level of uncertainty. These can be difficult

to predict and are often affected by risks and hazards outside of our control. These factors include, but are not limited to:

- environmental hazards, including discharge of metals, concentrates, pollutants or hazardous chemicals;
- industrial accidents, including in connection with the operation of mining transportation equipment, milling equipment and/or conveyor systems and accidents associated with the preparation and ignition of large-scale blasting operations, milling, processing and transportation of chemicals, explosives or other materials;
- surface or underground fires or floods;
- unexpected geological formations or conditions (whether in mineral or gaseous form);
- ground and water conditions;
- fall-of-ground accidents in underground operations;
- failure of mining pit slopes and tailings dam walls;
- seismic activity; and
- other natural phenomena, such as lightning, cyclonic or tropical storms, floods or other inclement weather conditions.

The occurrence of one or more of these events in connection with our businesses or investments may result in the death of, or personal injury to, employees, other personnel or third parties, the loss of equipment, damage to or destruction of properties or production facilities, monetary losses, deferral or unanticipated fluctuations in production, environmental damage and potential legal or regulatory actions or liabilities, all of which may adversely affect our reputation, business, prospects, results of operations and financial position. In November 2017, there was an employee fatality at MPI's Cibalapulang mini hydro power generating plants, and in December 2017, there was a fatality at the Sarulla geothermal power project. In 2018, there was one fatality at the Block A, Aceh assets involving employees of third party contractors. These incidents have been reviewed internally through a series of accident investigations, which resulted in corrective action to improve our health, safety and environment ("HSE") culture with a view to avoiding similar accidents in the future.

The mining industry faces continued geotechnical challenges.

The mining industry and AMNT's mining operations are facing continued geotechnical challenges due to the aging of mines and a trend toward mining deeper pits and more complex deposits. This leads to higher pit walls and increased exposure to geotechnical instability and hydrological impacts. As AMNT's operations are maturing, open pits get deeper and AMNT has experienced certain geotechnical failures at the Batu Hijau mine in the past. In addition, the pit design for Phase 7 was developed based on the same geotechnical and hydrological strategies that have been developed over the 20-year life of the Batu Hijau operation to date. The pit walls will be depressurized with horizontal drainage holes and pre-split blasting will be used to maximize wall competency but, based on experience at Batu Hijau, the pit walls are still anticipated to fail on a localized scale. The operation is well-practiced in monitoring and managing such confined failures and there is no reason to expect the additional depth in Phase 7 will present any additional issues to what the mine has experienced in the past.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions, such as landslides and pit wall failures, will not occur in the future or that such events will be detected in advance. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of AMNT's control, such as severe weather and considerable rainfall, which may lead to periodic floods, mudslides, wall instability and seismic activity, which may result in slippage of material. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause mining operations to be less profitable than currently anticipated and could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

We operate in a competitive environment.

The Indonesian oil and gas, mining and power industries are highly competitive. Key areas in which we face competition include the acquisition, renewal and negotiation of licenses, evaluating, bidding for and acquiring assets, and securing the resources necessary for our operations as well as selling our products. Many of our competitors have greater financial and personnel resources available to them than we do. The size, infrastructure, wide-ranging experience and close relationships with the Government of some state-owned, international, or other energy companies may provide them with competitive advantages over other companies operating in Indonesia or the other countries where we operate, including us. Our ability to develop our business will depend upon our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Our business operations may be adversely affected by current and future environmental regulations.

Our business is subject to certain laws and regulations on environmental and safety matters relating to the exploration for, and development and production of, oil and gas, conducting mining operations and power generation, which may have a material adverse effect on our financial condition and results of operations. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities which may require us to incur costs to remedy such discharge and pay penalties or fines. Any change in Indonesian laws and regulations applicable to us, including environmental laws and regulations and increased governmental enforcement of environmental laws or other similar developments in the future may require us to make additional capital expenditure or incur additional operating expenses in order to maintain our current production, development, exploration and other operations activities, curtail our production activities or take other actions that could materially and adversely affect us.

On October 3, 2009, the Government enacted Law No. 32 of 2009 regarding Environmental Protection and Management (the "Environmental Law"), in place of the previous Law No. 23 of 1997, which required that all current environmental management licenses be integrated into the environmental permit issued pursuant to the Environmental Law and introduced more stringent penalties for breaches of environmental laws and regulations. As an implementation of the Environmental Law, the Government enacted Government Regulation No. 27 of 2012 on Environmental License, dated February 23, 2012 ("Regulation No. 27") and State Minister of Environmental Affairs Regulation No. 5 of 2012 on Types of Planned Businesses and/or Activities Subject to Mandatory Environmental Impact Analysis which requires that in addition to an environmental impact analysis (*Analisa Mengenai Dampak Lingkungan*) ("AMDAL") approval, an environmental management effort plan (*Upaya Pengelolaan Lingkungan*) ("UKL") or an environmental monitoring effort plan (*Upaya Pemantauan Lingkungan*) ("UPL"), an environmental permit from the State Ministry of Environmental Affairs or governor or mayor/head of regent of their respective areas would need to be obtained. However, all environmental documents (AMDAL, UKL and UPL) obtained before the implementation of Regulation No. 27 would be accepted as valid environmental permits. The Environmental Law requires us to obtain environmental licenses (*Izin Lingkungan*) ("Environmental Licenses") as a pre-requisite to obtaining the relevant business licenses, and if obligations in the AMDAL approval, UKL or UPL are not met, one of the sanctions that could be imposed is the revocation of our environmental permit. Revocation of Environmental Licenses may lead to nullification or termination of the corresponding business license, which may require us to cease certain operations and may have a material adverse effect on us. In addition to Environmental Licenses, under Law No. 32/2009, each holder of an Environmental License is required to effect a cash deposit in a designated state-owned bank; however, no government regulation has been issued which stipulates the amount of such cash deposit, and accordingly we have not made any such deposit as of the date of this Offering Circular. If, in the future, government regulations are issued which stipulate the amount of the cash deposit, we would be required to make such a deposit in order to comply with Law No. 32/2009. The enactment of further implementing regulations relating to the Environmental Law could cause us to incur significant additional costs or delay in the completion of our projects under development in order to comply with such new regulations. See "Business — Environmental."

While we have generally received Blue, Green and Gold (being the highest rating) PROPER awards from the Environmental & Forestry Ministry for certain of our Indonesian assets, in 2016, we received a Red rating from the Environmental & Forestry Ministry for our Bawean PSC (which we sold in June 2017), due, among other things, to the Government's request for a wastewater treatment facility to be constructed. A Red rating means that although the facility was making efforts to be in compliance with relevant regulations, such facility is not in full compliance.

We operate the South Natuna Sea Block B PSC as well as the WNTS pipeline to an onshore receiving facility in Singapore through which we distribute approximately 30% of our total gas sales. It has been reported that the Singapore government may consider implementing regulations aimed at limiting the amount of mercury in gas supplied to Singapore. There can be no assurance regarding the extent or effect of such regulations, which have not yet been promulgated. While a mercury removal unit has been implemented at the South Natuna Sea Block B PSC, which we believe would allow us to be in compliance with such prospective regulations, the actual implementation of such regulations in a manner different from our expectations could have an adverse effect on our business, prospects, results of operations and financial condition if we are not in compliance.

In addition, certain discoveries on our blocks, such as Block A, Aceh, have high carbon dioxide levels. The future developments of such resources will need to be considered, designed and managed by us in light of prevailing regulations. Given the possibility of unanticipated regulatory or other developments, including more stringent environmental laws and regulations, the amount and timing of future environmental compliance expenditures could vary substantially from their current levels. These changes could limit the availability of our funds for other purposes.

Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Shortages of critical parts and equipment may adversely affect us.

The industries in which we operate and invest have been impacted, from time to time, by increased demand for critical resources such as input commodities, drilling equipment, trucks, shovels and tires. These shortages have, at times, impacted the efficiency of operations, and resulted in cost increases and delays in production and construction of projects, thereby impacting operating costs, capital expenditures and production and construction schedules.

RISKS RELATING TO INDONESIA AND CERTAIN OTHER COUNTRIES WHERE WE OPERATE

The Parent Guarantor is incorporated in Indonesia and most of its commissioners and directors are based in Indonesia. A substantial majority of our operations and assets are also located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies the Government may take or adopt, or omit to take or adopt, could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, following completion of the Acquisition, we expect to have key assets in new jurisdictions including Thailand and Vietnam and our business will be subject to political, economic, legal, social and other factors in such jurisdictions.

Political and social instability in Indonesia may adversely affect us.

Following the collapse of President Soeharto's regime in 1998, Indonesia experienced a process of democratic change. Despite Indonesia having successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and

current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the middle-east. In and shortly after October 2016, thousands of Indonesians marched in a series of demonstrations in Jakarta and other cities either in support of or in opposition to the then Governor of Jakarta, Basuki Tjahja Purnama (commonly known as "Ahok") in connection with blasphemy allegations against him, in the period preceding the Jakarta gubernatorial election in early 2017. Mr. Purnama was convicted of the blasphemy charges in May 2017. Anies Baswedan (of the same party as the losing candidate of the 2014 presidential election) had been elected as governor of Jakarta in April 2017. Although these demonstrations were generally peaceful, some turned violent, including one on November 4, 2016, in which thousands of Indonesians marched in Jakarta demanding legal action against then Governor of Jakarta Purnama Basuki in connection with the blasphemy allegations against him. Clashes with police injured hundreds and left one dead. On April 17, 2019, Indonesia held its first general election, where the president and vice president, members of people's consultative assembly (*Majelis Permusyawaratan Rakyat*) and members of regional people's representative assembly were elected on the same day. Based on initial results published by several national survey institutions, the incumbent president Joko Widodo is leading Prabowo Subianto. No official results have been released to date but it is expected that the official announcement will be made in May 2019. Political and related social developments in Indonesia, including immediately after the announcement of the 2019 general election official results, could result in civil disturbances that could directly or indirectly, materially and adversely affect our businesses, financial condition and results of operations.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes. In addition, as a significant oil producer and consumer market of great potential, Indonesia remains a key investment location, though corruption, policy drift and collapsing infrastructure, as well as insecurity in the region, present risks to business operations in that country.

Increased scope of regulation by Government agencies may have a material adverse effect on our business, financial condition and results of operations.

The evolving roles of SKK MIGAS and the Ministry of Energy and Mineral Resources, coupled with political changes in Indonesia, have allowed other Government agencies to increase their roles in administering and regulating the oil and gas industry in Indonesia.

BP MIGAS (currently known as SKK MIGAS), pursuant to a letter dated June 10, 2009 in relation to the Regulation of the Minister of Energy and Mineral Resources No. 22 Year 2008 on "Type of Activities Cost of Business Upstream Oil and Gas which cannot be recovered to Contractor of Production Sharing Contract" (*Kontraktor Kontrak Kerja Sama*) and Government Regulation of Republic of Indonesia No. 27 of 2017 regarding Amendment of Government Regulation of Republic Indonesia No. 79 of 2010 on "Cost Recovery and Income Tax Treatment in the Upstream Oil and Natural Gas Business Sector," added to the categories of costs that could not be recovered under cost recovery PSC.

Further, for PSCs under the gross split PSC regime, the Government has enacted Government Regulation No. 53 of 2017 regarding the Tax Treatment of Upstream Business Activity in A Gross Split Production Sharing Contract on December 27, 2017 (GR-53/2017), which regulates categories of costs that are not deductible under the gross split PSC regime.

Also, the Indonesian tax authorities have recently initiated additional tax audits and implemented measures to increase tax revenues from the oil and gas industry. Further, the treatment of taxation under the new tax laws may conflict with the approach currently adopted for PSCs. Continued expansion of the role of these governmental agencies may have a material adverse effect on companies operating in the oil and gas industry,

including us. See Note 23 to the consolidated financial statements included elsewhere in this Offering Circular for information on our tax assessment letters.

The interpretation and application of laws and regulations in Indonesia involves uncertainty.

The courts in Indonesia may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, we could face risks such as: (1) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute, (2) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (3) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (4) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (5) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in Indonesia may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to us by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to its concessions, joint operations, licenses, license applications or other arrangements.

For example, on November 13, 2012, the Indonesian Constitutional Court (*Mahkamah Konstitusi*) ("MK") handed down Decision No. 36/PUU-X/2012 ("MK Decision 36/2012"), which declared several articles in the Oil and Gas Law pertaining to the establishment and functions of BP MIGAS to be unconstitutional and unenforceable. In its considerations, the MK elaborates its views on the meaning of Article 33 of the Constitution of Indonesia, concluding that the Government should directly manage oil and gas resources, as opposed to only performing supervisory duties through BP MIGAS.

Upon the announcement of MK Decision 36/2012, certain provisions of the Oil and Gas Law, amongst others, relating to the establishment and functions of BP MIGAS ceased to have any binding force, and BP MIGAS therefore ceased to exist. However, in order to avoid legal uncertainty with respect to ongoing oil and gas business activities, the MK made clear, in MK Decision 36/2012, that pending the promulgation of further regulations and amendments to the Oil and Gas Law, the functions and duties formerly held by BP MIGAS would be taken over by the Government, represented by the MEMR. The MK also stated that all PSCs signed by BP MIGAS would remain valid until their respective expiration dates or as agreed by the parties. This follows a line of constitutional precedent regarding the non-retroactivity of MK decisions. Since the issuance of MK Decision 36/2012, the Government has authorized SKK MIGAS, pursuant to PR 9/2013, to take over the former functions and duties of BP MIGAS.

There can be no assurance, however, that PR 9/2013, the establishment of SKK MIGAS, or any future amendments to the Oil and Gas Law or its implementing regulations, will not be the subject of further challenges before the MK.

In addition, the Oil and Gas Law requires upstream oil and gas operators to provide at least 25.0% of production to fulfill domestic needs. As the DMO is implemented on a case-by-case basis, there is no certainty as to the proportion that will be allocated in the event we enter into new concessions. Moreover, in Indonesia, regional autonomy is a sensitive political subject. Laws and regulations have changed the regulatory environment by decentralizing certain regulatory and other authority from the Government to regional (i.e., provincial and/or local) governments. The process of devolving authority to regional governments is ongoing, and while the regulations on regional autonomy, as well as various sector-specific laws (including the Oil and Gas Law), have

set out the divisions of authority between the Government and the regional governments, the implementation of such regulations has been erratic, causing the scope of devolved authority to be uncertain. Although the central Government has made efforts in the regulatory sector to curb overreaching by regional governments, jurisdictional uncertainty is expected to continue for the foreseeable future. One consequence of this uncertainty is that the powers of the licensing authorities in Indonesia are not completely transparent or clearly delineated. Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of "national assets" and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government. It is unclear whether the rights granted by the Government at the central, provincial and local levels conflict with each other, or that the application of regulatory powers will be consistent.

In addition, Indonesia's Law No. 17 of 2008 on Shipping includes a cabotage rule. The cabotage rule specifically reserves domestic sea transportation activities to domestic shipping companies using Indonesian-flagged vessels and Indonesian crews. The Government has interpreted the cabotage requirement broadly to apply not only to vessels engaged in the transportation of goods and passengers, but also to offshore platforms, construction and drilling vessels, FPSO and other specialized equipment used in the offshore oil and gas industry. For the time being, the Indonesian Ministry of Transportation has exempted specific specialized oil and gas vessels, including vessels conducting oil and gas survey activities, drilling, offshore construction, offshore supporting activities, dredging and salvage and sub-sea work, from flying the Indonesian flag, as many vessels used for oil and gas activities are high-tech specialized vessels, expensive, and currently not available from Indonesian shipbuilders. The exemptions will apply temporarily as long as Indonesian-flagged vessels are not yet available for such specific activities (such as oil and gas survey activities, drilling, offshore construction, offshore supporting activities, dredging and salvage and sub-sea work) There can be no assurance that Indonesian-flagged vessels will be available on terms that we find acceptable, or at all, once the exemptions are no longer applicable due to revocation. If the exemptions are revoked, it is likely that the supply of such rigs and vessels for use in our Indonesian operations will be reduced as there is no certainty that international oil services companies will re-flag their rigs and vessels. This could potentially increase our costs of operations and delay exploration and/or development within our Indonesian contract areas, which could materially and adversely affect our growth, business, results of operations, financial condition and prospects.

Unfavorable interpretation or application of the laws in the jurisdictions in which we operate may adversely affect our concessions, joint operations, licenses, license applications or other legal arrangements. In Indonesia, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in Indonesia are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, the foregoing could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder our long-term planning efforts and may create uncertainties in our operating environment.

Increased regulation by governments and governmental agencies may increase the cost of regulatory compliance and limit our access to new exploration properties.

The oil and gas industry is generally subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and possibly, nationalization, expropriation, cancelation or non-renewal of contract rights.

Within Indonesia, where our operations are primarily located, the evolving roles of SKK MIGAS and the Ministry of Energy and Mineral Resources, coupled with political changes in Indonesia, have allowed other Government agencies such as the Ministry of Trade and the Ministry of Environment and Forestry, to increase their roles in administering and regulating the oil and gas industry in Indonesia. The continued expansion of the roles of governmental agencies may result in the adoption of new regulations, legislation and practices that we would be required to comply with.

In addition, new regulations, legislation and practices may be adopted by the Government and other governments or governmental agencies in countries in which we have operations in response to evolving practices or specific incidents, such as the Gulf of Mexico oil spill, which may result in more stringent regulation of oil and gas activities in the United States and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new areas. Any new regulations, legislation and practices could increase the cost of compliance and may require changes to our drilling operations, exploration, development and decommissioning plans and could impact our ability to capitalize on our assets and limit our access to new exploration properties or operatorships.

The oil and gas industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and we operate in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, we could be required to curtail or cease certain operations, or we could incur additional costs.

Indonesia is subject to significant geological risk that could lead to natural disasters and economic loss.

Because of its location in a geologically active part of the world, Indonesia is subject to various forms of natural disasters. These include earthquakes, tsunamis, volcanic eruptions, floods and landslides that can result in major losses of life and property, such as the 2004 Indian Ocean Tsunami that devastated the province of Aceh, and can therefore have significant economic and developmental effects.

If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings including ours, thereby materially and adversely affecting our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes.

In addition, the future geological or meteorological occurrences may significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and thereby could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

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

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia during the last several years and as recently as May 2017, there have been various terrorist attacks directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people. For example, in May 2018, terrorist bombings at three churches in Surabaya, Java resulted in the death of at least 13 people and injuries to more than 40 people.

There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events, including damage to our infrastructure or that of our suppliers and customers, could materially and adversely

affect international financial markets and the Indonesian economy, interrupt parts of our business and therefore could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Any outbreak of infectious disease, or fear of an outbreak, or any other serious public health concerns in Indonesia or elsewhere may have an adverse effect on the Indonesian economy and may adversely affect us.

An outbreak of infectious diseases (including avian flu, SARS, swine flu, the H7N9 virus) or another contagious disease or the measures taken by the governments of affected countries, including Indonesia, against such potential outbreaks, could seriously interrupt our operations or the services or operations of our suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The perception that an outbreak of infectious diseases or another contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia.

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

The economic crisis which affected South East Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among other events, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments. As a result of the economic crisis in 1997, the Government has had to rely on the support of international agencies and governments to prevent sovereign debt defaults. The economic difficulties Indonesia faced during the Asian economic crisis that began in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness.

Indonesia's economy remains significantly affected by economic conditions which resulted in a decrease in Indonesia's real GDP growth from 6.2% in 2012, to 5.8% in 2013, 5.0% in 2014, 4.8% in 2015 and a slight increase in 2016 to 5.0%, to 5.1% in 2017 and to 5.2% in 2018. These conditions had a material adverse effect on Indonesian businesses. The global financial markets have experienced, and may continue to experience, significant turbulence originating from the liquidity shortfalls in the U.S. credit and sub-prime residential mortgage markets since 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. The global economic crisis has also resulted in a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. The global financial markets have also recently experienced volatility as a result of concerns over the debt crisis in the Eurozone. Uncertainty over the outcome of the Eurozone governments' financial support programs and worries about sovereign finances generally are ongoing.

The Government continues to have a modest fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile and has poor liquidity and the banking sector is weak and suffers from high levels of non-performing loans. The inflation rate (measured by the year on year change in the consumer price index) remains volatile. The Indonesia rate of inflation was 3.0% in 2016, 3.0% in 2017 and 3.1% in 2018 based on the consumer price index. Interest rates in Indonesia have also been volatile in recent years, which have had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our business. Any of the foregoing could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations, and our ability to pay interest on, and repay the principal of, the Notes.

Indonesian accounting standards differ from those in other jurisdictions.

We prepare our financial statements in accordance with Indonesian FAS, which differs from U.S. GAAP. As a result, our financial statements and reported earnings could be significantly different from those that would be reported under U.S. GAAP. This Offering Circular does not contain a reconciliation of our financial statements to U.S. GAAP, and there can be no assurance that such reconciliation would not reveal material differences. See "Summary of Principal Differences between Indonesian FAS and U.S. GAAP" for a summary of certain principal accounting differences that may be applicable to us.

We are subject to corporate disclosure and reporting requirements that differ from those in other countries.

We are subject to corporate governance and reporting requirements in Indonesia that differ, in significant respects, from those applicable to companies in certain other countries. The amount of information made publicly available by issuers in Indonesia may be less than that made publicly available by comparable companies in certain more developed countries, and certain statistical and financial information of a type typically published by companies in certain more developed countries may not be available. As a result, investors may not have access to the same level and type of disclosure as that available in other countries, and comparisons with other companies in other countries may not be possible in all respects.

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

As of the date of this Offering Circular, Indonesia's sovereign foreign currency long-term debt is rated "Baa2/stable outlook" by Moody's, "BBB－/stable outlook" by Standard & Poor's and "BBB/stable outlook" by Fitch, and its short-term foreign currency debt is rated "P-2" by Moody's, "A-3" by Standard & Poor's and "F2" by Fitch with a stable outlook from Moody's, Standard & Poor's and Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

Any downgrade to credit ratings of Indonesia or Indonesian companies could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

We may be subject to changes in taxation.

Our subsidiaries engaged in oil and gas operations in Indonesia are subject to taxation and are faced with increasingly complex tax laws. The amount of tax we pay could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on our liquidity and results of operations. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question our tax returns leading to additional taxes and penalties which could be material.

We have participating interests in a number of PSCs in Indonesian with a different regime. Certain recent changes to Indonesian tax laws may adversely affect us:

Cost recovery PSC regime

On December 20, 2010, the Government enacted Government Regulation 79/2010 ("GR 79/2010"), which changes the regime governing cost recovery under PSCs and the taxation of oil and gas activities. GR 79/2010 generally applies to PSCs entered into or extended after December 20, 2010. PSCs entered into or extended

before December 20, 2010 will continue to be governed by the regulations prevailing at the time such PSCs were executed, unless it is determined that such PSCs have not expressly or sufficiently provided for the areas mentioned in the list below, in which case the provisions of GR 79/2010 will apply and such PSCs must be adjusted within three months of the effective date of GR 79/2010 (being December 20, 2010). It is not yet clear who will make such determinations or how they will be made.

The transitional provisions in GR 79/2010 list eight areas that makes GR 79/2010 applicable to PSCs entered into before December 20, 2010 including:

- government share;
- requirements for cost recovery and the norms for claiming operating non-allowable costs;
- non-recoverable operating costs;
- the appointment of independent third parties to carry out financial and technical verifications;
- the issuance of income tax assessments;
- the exemption of customs duty and import tax on the importation of goods used during exploitation and exploration activities;
- contractor's tax in the form of oil and gas from the contractor's share; and
- income from outside the PSC in the form of uplifts and/or the transfer of PSC interests.

On June 15, 2017, the Government enacted Government Regulation No. 27 of 2017 regarding the Amendment of Government Regulation No. 79 of 2010 regarding Operating Costs that may be Recovered and Income Tax Treatment for Upstream Oil and Gas Activities ("GR 27/2017"), which was put into effect on June 19, 2017. PSCs entered into or extended: (i) prior to the enactment of Oil and Gas Law; (ii) after the enactment of Oil and Gas Law and prior to enactment of GR 79/2010; and/or (iii) after the enactment of GR 79/2010, will continue to be governed by the regulations prevailing at the time such PSCs were executed, unless it is determined that such PSCs have not expressly or sufficiently provided for the eight areas mentioned in the transitional provisions of GR 27/2017, which are the same as the eight areas mentioned in the transitional provisions of GR 79/2010 above.

GR 27/2017 introduced new tax facilities which previously were not available in GR 79/2010, as described below:

- domestic purchase of certain goods on which VAT is applicable and utilization of certain intangible goods and services from overseas during exploitation and exploration period are exempted from VAT. These VAT exemption facilities available during the exploitation period can be granted by the Ministry of Finance upon consideration of the economics of the project;
- 100% reduction of land and building tax during exploration period as stated in the Tax Payable Notification Letter. The same facilities also apply to activities during the exploitation period for sub-surface parts, but are granted only by the Ministry of Finance upon consideration of the economics of the project;
- facility cost sharing and parent company overhead charges are exempted from withholding tax and VAT; and
- income from outside the PSC in the form of uplifts and/or the transfer of PSC interests after deduction of final income tax, is exempted from branch profit tax.

PSCs entered into or extended prior to enactment of GR 27/2017 which aim to utilize benefits from GR 27/2017 may choose to adjust the PSCs in full with the terms of GR 27/2017 within a period of no more than six months after the effective date of GR 27/2017 (being June 19, 2017). It is not yet clear who will make such determinations or how they will be made.

Further changes to the taxation and tax laws that may result in higher taxes and operating costs in Indonesia could have a material adverse effect on our business, results of operations, financial condition and prospects.

Gross split PSC regime

On January 16, 2017, the MEMR introduced the gross split PSC regime, along with the existing cost recovery PSC regime, through the Ministry of Energy and Mineral Resources Regulation No. 8 Year 2017 ("EMR Reg-8/2017"), as amended on August 27, 2017 by Ministry of Energy and Mineral Resources Regulation No. 52 Year 2017. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Results of Operations — Gross Split PSC Tax Regime."

On December 28, 2017, the Government enacted GR-53/2017, which regulates the taxation of oil and gas activities under a gross split PSC regime. Any PSC entered into or extended after January 16, 2017 has been or will be arranged under a gross split PSC.

The taxation of gross income derived "directly" from gross split PSC activities generally follows the prevailing general corporate income tax rate, which is equal to 25% of taxable income. Gross income derived by a permanent establishment indirectly from gross split PSC activities, is subject to a branch profit tax of 20% of net after tax profits or such lower income tax rate as is applicable under an applicable Tax Treaty. The taxable income arising from PSC activities comprises "gross income" less the deductible "operating costs", which may be carried forward for up to 10 years. Under general Indonesian tax law, tax losses are not permitted to be carried forward more than five years. While the traditional cost recovery regime permits tax losses to be carried forward indefinitely, the gross split PSC tax regime does not provide for a cost recovery mechanism, such that only operating costs may be deducted from gross income.

The tax benefits available to a gross split PSC under GR-53/2017 are as follows:

(a) during the exploration and development period prior to commencement of production:

- goods used in relation to oil and gas operations are exempt from import duty;
- VAT is not collected on the local procurement and import of goods (whether tangible or intangible) and services used in operations;
- the import of goods that have the benefit of the import duty exemption described above is exempt from withholding tax; and
- 100% of land and buildings tax may be deducted for income tax purposes.

(b) facility cost sharing and parent company overhead charges that are exempted from withholding tax and VAT; and

(c) income from outside the PSC in the form of uplifts and/or the transfer of PSC interests after deduction of final income tax, is not subject to branch profit tax.

However, the procedures to be undertaken in order to obtain these tax benefits are to be governed by regulations of the Ministry of Finance, which, as of this Offering Circular, have not yet been issued. Furthermore, if an existing PSC that benefits from the cost recovery regime and is already in commercial production is extended into a gross split PSC, the foregoing tax benefits that apply only during the pre-production period would not be available. Any of the foregoing could have a material adverse impact on our business, results of operations, financial condition and prospects.

In 2018 and 2019 respectively, our Tarakan PSC and Rimau PSC, which were scheduled to expire in 2022 and 2023, respectively, each obtained a 20-year PSC extension from the Government. The terms of the extensions differ from the existing PSC cost recovery format and follow the new gross split PSC regime. See "Management's Discussion and Analysis of Results of Operation and Financial Condition — PSC Tax Regime — Gross Split."

We are exposed to the risk of adverse sovereign action.

The oil and gas industry is a significant contributor to the Indonesian economy and the economies of the other countries where we operate and is therefore a key government focus. Potential future changes in government policy, regulations or PSC fiscal regimes and taxes could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Our assets may be subject to sovereign immunity risk.

Indonesia has a constitution and laws which entrench and vest all of the rights over its natural resources in the state, including oil and gas resources, which are regarded as sovereign state assets. Indonesia has also established a state-owned agency which enters into commercial contracts with oil and gas exploration and production companies in relation to the exploration, development and production of oil and gas resources. Accordingly, the natural resources discovered within a contract area are ultimately owned by the state and the exploration and production agency only has contractual rights of exploration, development and production. As our contracts in Indonesia are with a state-owned agency, in the event of a dispute, it is uncertain if the state-owned agency will be able to invoke the principles of sovereign immunity. We are subject to similar risks with respect to our international operations. The invocation of such immunity may limit our ability to enforce our rights, which in turn could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Labor laws and regulations in Indonesia or other countries where we operate as well as labor unrest may materially adversely affect our results of operations.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 regarding Labor Unions (the "Labor Union Law"). The Labor Union Law permits employees to form unions without intervention from an employer, the government, a political party or any other party. On March 25, 2003, President Megawati enacted Law No. 13 of 2003 regarding Employment (the "Labor Law") which, among other things, increased the amount of severance, pension, medical coverage, life insurance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires companies with 50 or more employees to establish bipartite forums with participation from employers and employees. The Labor Law also requires a labor union to have participation of more than half of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike. Our international operations are also subject to the labor laws in the jurisdictions where we operate, and our international operations are affected by such laws.

Labor unrest and activism in Indonesia could disrupt our operations, our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Rupiah relative to other currencies. Labor disruptions outside of Indonesia in the markets in which we operate have affected and could in the future affect our operations. For example, our operations in Tunisia were suspended due to labor protests in connection with a general strike in the country from April 2017 to June 2017. Such events could materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes.

RISKS RELATING TO THE NOTES, THE GUARANTEES AND THE COLLATERAL

The terms of the Notes and the Guarantees will contain covenants limiting our financial and operating flexibility.

Covenants contained in the documentation relating to the Notes and the Guarantees will restrict the ability of the Issuer, the Parent Guarantor, and any Restricted Subsidiary (as defined in "Description of the Notes") to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the Noteholders.

All of these covenants are subject to the limitations, exceptions and qualifications described in "Description of the Notes — Certain Covenants." These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that the Issuer will be able to pay any amounts due to the Noteholders in the event of such default, and any default may significantly impair the Issuer's ability to pay, when due, the interest of and principal on the Notes and the Parent Guarantor's, and any Subsidiary Guarantor's, ability to satisfy its obligations under the Guarantees.

In the event that the Acquisition is not consummated on or prior to the Acquisition Deadline, the Acquisition is terminated at any time prior thereto, or the other conditions to the release of the escrowed funds are not satisfied on or prior to the Acquisition Deadline or if certain other events occur, the Notes will be subject to special mandatory redemption, and, as a result, you may not obtain the return you expect on the Notes.

This issuance of the Notes is expected to occur on or after the Scheme Effective Date. However, the issuance of the Notes is not conditional on the Scheme Effective Date having occurred. If the Notes are issued prior to the Scheme Effective Date, the net proceeds of this offering will be placed in the Escrow Account together with the Additional Contribution, such that the total amount on deposit in the Escrow Account at such time will be equal to the sum of (x) the aggregate offering price of the Notes, (y) a special mandatory redemption fee of 1.0% of the aggregate principal amount of the Notes, and (z) the amount of interest that would accrue on the Notes for the period from the Original Issue Date to, but excluding, the latest possible date for the special

mandatory redemption. In such event, the release of the escrowed funds will be subject to satisfaction of the conditions on or prior to the Acquisition Deadline. If such conditions to the release of the escrowed funds are not satisfied on or prior to the Acquisition Deadline or if any of certain other events has occurred, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price for the Notes will be 99.266% of the aggregate principal amount thereof (consisting of a redemption price of 98.266% of such principal amount of Notes (equal to the aggregate offering price of such principal amount of the Notes) and a special mandatory redemption fee of 1.0% of the aggregate principal amount of Notes), plus accrued and unpaid interest, if any, to, but not including, the date of redemption. See "Description of Notes—Escrow of Proceeds; Special Mandatory Redemption." Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns.

Purchasers of Notes in this offering will not know, at the time they agree to purchase Notes, whether or not the proceeds of this offering will be placed into escrow to fund the consideration for the Acquisition.

This offering is not conditional on the closing of the Acquisition, and there can be no assurance that the Acquisition will be consummated on the terms described in this Offering Circular or at all. If the Acquisition is not consummated by the closing date of this offering, the net proceeds of this offering together with certain other cash amounts will be placed in escrow and the release of the escrowed funds to consummate the Acquisition will be subject to satisfaction of certain conditions on or prior to the Acquisition Deadline. The consummation of the Acquisition is subject to the satisfaction of the remaining conditions including, but not limited to, the court sanctioning the scheme of arrangement, the delivery of a copy of the court order sanctioning the scheme of arrangement to the Registrar of Companies; and receipt of regulatory and antitrust approvals in Tanzania. The pricing of this offering of the Notes may occur before we know whether all conditions to the consummation of the Acquisition have been satisfied. As a result, purchasers of Notes in this offering may not know, at the time they agree to purchase Notes, whether or not the net proceeds of this offering will be placed into escrow to consummate the Acquisition.

If the Notes are issued prior to the Scheme Effective Date, the Parent Guarantor and its Subsidiary Guarantors (other than the Issuer) will not be subject to any of the covenants set forth in the Indenture until the Acquisition Escrow Release Date.

If the Notes are issued prior to the Scheme Effective Date, the Parent Guarantor and Subsidiary Guarantors will not be parties to the Indenture and the Parent Guarantor and its restricted subsidiaries (other than the Issuer) will not be subject to any of the covenants set forth in the Indenture, in each case until the release of funds to pay the consideration for the Acquisition. In connection with such a release, the Parent Guarantor, the Subsidiary Guarantors and the Trustee will enter into one or more supplemental indentures to the Indenture pursuant to which the Parent Guarantor and its restricted subsidiaries will become subject to the covenants set forth in the Indenture effective from the date of the release of funds to pay the consideration for the Acquisition. In such circumstances during the period between the issuance of the Notes and the date of the release of funds to pay the consideration for the Acquisition, the Parent Guarantor and such restricted subsidiaries may take actions that would otherwise constitute a default or event of default under the Notes and funds may be released from the escrow account to pay the consideration in respect of the Acquisition despite such actions.

If the Issuer commences a bankruptcy, insolvency or reorganization proceeding or one is commenced against the Issuer, bankruptcy, insolvency or similar laws may prevent release of the escrowed funds.

If the Issuer commences a bankruptcy, insolvency or reorganization proceeding, or similar proceedings are commenced against the Issuer, while funds remain in the Escrow Account, applicable bankruptcy, insolvency or similar laws may prevent the Account Bank from releasing funds in the Escrow Account or applying those funds to effect a special mandatory redemption of the Notes or otherwise applying those funds for the benefit of itself and the holders of the Notes. As a result, holders of the Notes may not be able to have the funds in the Escrow Account applied at the time or in the manner contemplated by the Indenture that will govern the Notes and could

suffer a loss as a result. In addition, the court or other authority adjudicating the Issuer's bankruptcy, insolvency or reorganization proceeding could use or apply these funds in its discretion. As a result, the holders of the Notes could become unsecured creditors. In such event, the only remedy available to the holders of the Notes may be to sue for payment on the Notes.

If the Acquisition is completed on or prior to the Acquisition Deadline and the conditions to the release of the escrowed funds are satisfied, the proceeds from the Notes will be released from escrow even if a default or event of default (other than a major default as described under "Description of the Notes") under the Indenture governing the Notes shall or would have occurred and be continuing.

The escrowed funds will be released from escrow and utilized for the Acquisition upon, among other things, the Issuer's delivery to the escrow agent of an officer's certificate stating that the Acquisition Release Conditions have been satisfied. The escrowed funds will be released from escrow to consummate the Acquisition even if a default or event of default (other than a "major default" as described under "Description of the Notes") under the Indenture governing the notes shall have occurred and be continuing.

We may incur additional indebtedness. This could further exacerbate the risks described above.

Subject to restrictions in the Indenture governing the Notes, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the Noteholders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Issuer or a Guarantor. This may have the effect of reducing the amount of proceeds paid to the Noteholders. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could materially and adversely affect our or our investments' business, prospects, financial condition and results of operations.

Enforcing rights under the Notes or the Guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer, which is incorporated under the laws of the Singapore, and the Notes will be guaranteed by Parent Guarantor and certain of its subsidiaries, which are established under the laws of Indonesia or other non-United States jurisdictions. In addition, the Notes and the Indenture are governed by the laws of New York.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in, among others, Singapore, Indonesia and New York. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Investors' rights under the Notes and the Guarantee will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that investors will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of Singapore, Indonesia and New York or other non-United States jurisdictions may be materially different from, or be in conflict with, each other and those with which investors may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect investors' ability to enforce their rights under the Notes and the Guarantee in the relevant jurisdictions or limit any amounts that they may receive.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the intercompany loan agreements and the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. Our business may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the intercompany loan agreements and the Notes, or to fund our other liquidity needs. The Parent Guarantor is a holding entity that conducts substantially all of its business operations through operating subsidiaries, joint ventures and unconsolidated entities and relies on dividend payments and other distributions from its operating subsidiaries, joint ventures and investments for substantially all of its cash flows. If we are unable to generate sufficient cash flow to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under the Notes.

Moreover, our offering structure may be found to be non-compliant with the Singapore-Indonesia tax treaty and applicable Indonesian tax regulations. Under these circumstances, there can be no assurance that the Indonesian tax authorities will not unilaterally apply a 20% withholding tax rate upon us. This would effectively increase our debt servicing obligations with respect to the Notes, and we cannot assure you that we could satisfy such increased obligations.

It may not be possible for you to effect service of process, or to enforce judgments of a foreign court, on the Guarantors in Indonesia.

Each of the Parent Guarantor and the majority of the Subsidiary Guarantors is a limited liability company incorporated in Indonesia operating within the framework of Indonesian laws relating to investment and all of its significant assets are located in Indonesia. All of the Parent Guarantor's and the majority of the Subsidiary Guarantors' commissioners and directors reside in Indonesia. As a result, it may be difficult for investors to effect service of process, including judgments, on the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners and directors outside Indonesia, or to enforce judgments obtained in non-Indonesian courts against the Parent Guarantor, a Subsidiary Guarantor or their respective commissioners and directors in Indonesia. See "Enforcement of Civil Liabilities."

The Guarantors have been advised by their Indonesian legal adviser that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. Our Indonesian legal advisers have also advised us that there is doubt as to whether Indonesian courts will recognize judgments in original actions brought in Indonesian courts based only upon the civil liability provisions of the securities laws of other countries. In addition, an Indonesian court may refuse to hear an original action based on securities laws of other countries. As a result, the Noteholders would be required to pursue claims against the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners, directors and executive officers in Indonesian courts.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of the Noteholders in the same manner or to the same extent as would courts in more developed countries outside of Indonesia.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures similar to this offering of the Notes and the Guarantees and have brought legal action against lenders and other transaction participants. Moreover, such legal actions have resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed.

The Indonesian Supreme Court has affirmed several District Court decisions that invalidated transactions with structures similar to this offering of the Notes and the Guarantees. These cases have generally involved Indonesian companies that had defaulted on notes and other debt incurred through offshore financing entities in transactions structured similarly to this offering of the Notes and the Guarantees and had successfully sued their creditors as well as other parties such as underwriters and trustees with respect to such debt and have obtained, among other reliefs:

- a declaration that the entire debt obligation is null and void;
- disgorgement of prior payments made to holders of the notes;
- damages from lenders and other transaction participants in amounts exceeding the original proceeds of the debt issued; and
- injunctions prohibiting holders of the notes from enforcing their rights under the relevant transaction documents and trading in the notes.

Published reports, including those court decisions that are available, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities and guaranteed by Indonesian companies have sued their creditors under such debt to, among other things, invalidate their debt obligations, and have sought damages in amounts exceeding the original principal amounts of the relevant debt from such creditors. In a case which was subsequently settled, an Indonesian court voided the transaction documents under a transaction involving a guarantee issued by an Indonesian company of the debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and void and awarded damages to the defaulting borrower. The courts' reports of these decisions do not provide a clear factual basis or legal rationale for the judgments.

Following several lower court cases involving Indah Kiat the Indonesian Supreme Court in the June 2006 decision released in November 2006, affirmed lower court judgments that invalidated US$500 million of notes issued by Indah Kiat BV, a Dutch subsidiary of Indah Kiat, and guaranteed by Indah Kiat. The lower courts had ruled that the defendants (including the trustee, underwriter and security agent with respect to the notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was null and void. Indah Kiat argued that by acting as both guarantor of the notes issued by Indah Kiat BV and borrower under an inter-company loan from Indah Kiat BV, Indah Kiat acted as both debtor and guarantor of the same debt. The lower courts reasoned that the transaction documents with respect to the notes were signed without any legal cause and did not meet the provisions of Article 1320 of the Indonesian Civil Code, which requires an agreement to have a legal cause in order to be a valid agreement. The lower courts also ruled that the establishment of Indah Kiat BV was unlawful, as it was established for the purposes of avoiding Indonesian withholding tax liability.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Decision, stating that Indah Kiat had failed to prove that the transaction was an act of legal manipulation that caused damages to Indah Kiat and concluding that the defendants did not commit any unlawful acts. Further, the Indonesian Supreme Court maintained that it was clear that the money borrowed from

Indah Kiat BV by Indah Kiat originated from the issuance of the notes, as evidenced by the relevant inter-company loan agreement, and therefore there was no merit to the claim that the transaction was an act of legal manipulation. The Indonesian Supreme Court in the August 2008 Decision further stated that it had misapplied the tax law in the June 2006 Decision, as the tax law did not prohibit tax saving. Finally, the Indonesian Supreme Court stated that the guarantees with respect to the notes were enforceable as long as the relevant security documents were valid and enforceable, and that claims with respect to certain New York-law governed documents, such as the indenture, intercompany loan agreement and the underwriting agreement, should be brought in the appropriate court in the state of New York.

The Indonesian Supreme Court in March 2009 refused a civil review of a judgment by the District Court of Kuala Tungkal, South Sumatra, which invalidated US$550 million of notes issued by APPC and guaranteed by Lontar Papyrus, a sister corporation of Indah Kiat. Although the Indonesian Supreme Court's official judgment is not publicly available, Lontar Papyrus' legal arguments in its lower court case were substantially similar to those made by Indah Kiat and rejected by the Indonesian Supreme Court in its August 2008 Decision. The Indonesian Supreme Court's refusal to grant a civil review effectively affirmed and made final the lower court's decision to invalidate the transaction documents and Lontar Papyrus's guarantor obligations under the notes. The Indonesian Supreme Court reasoned that the loan agreement between APPC and Lontar Papyrus and the indenture with respect to the notes required revisions in order to comply with Indonesia's prevailing laws and regulations and that because Lontar Papyrus had repaid in full the loan from APPC, it had no outstanding legal obligations as debtor under the loan agreement with APPC or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original lower court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been annulled by the Indonesian Supreme Court, as in the August 2008 Decision, the Indonesian Supreme Court has taken a contradictory view in the March 2009 Decision.

On January 25, 2011, the Indonesian Supreme Court refused a civil review of a decision by the District Court of Bengkalis, which invalidated the agreements and the securities documents in relation to the August 2008 Decision's US$500 million notes issued by Indah Kiat BV, in the September 2011 Decision. The September 2011 Decision was initially brought by Indah Kiat BV, a Dutch subsidiary of Indah Kiat at the Bengkalis District Court in Riau. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in relation to the June 2006 Decision and the August 2008 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose not to consider its August 2008 Decision despite such substantially similar facts and legal claims. The Supreme Court's refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower court decisions to invalidate the agreements and the securities documents in relation to such notes, and therefore renders it final.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of a parent guarantor. On December 8, 2014, the supervisory judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of Bakrie Tel for purposes of its court-supervised debt restructuring, Bakrie Tel PKPU. Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee. Similar with the Bakrie Tel PKPU case, Trikomsel, in early 2016 was entered into a suspension of payment obligation (PKPU) under the Law

No. 37 of 2004 regarding Bankruptcy and Suspension of Obligation for Payment of Debts (the "Indonesian Bankruptcy Law") regime. The PKPU administrators were reported to reject claims that arose from their two Singaporean dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (rencana perdamaian) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two of Singaporean dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as in common law jurisdictions. However, we cannot assure you that a court would not issue a decision similar to the September 2011 Decision with respect to the validity and enforceability of the Notes and the Guarantees or grant any additional relief, which in each case would be adverse to the interests of Noteholders. We cannot assure you that the Indonesian Supreme Court and lower Indonesian courts will not invalidate the Notes, the Guarantees and other transaction documents, or that you will be able to enforce your rights in Indonesia, where substantially all of the Guarantors' assets are located. Holders of the Notes may have no effective or practical recourse to any assets or legal process in Indonesia to enforce their rights against the Issuer or the Guarantors.

Under the Indonesian Civil Code, a guarantor of a debt obligation may waive its right to require the beneficiary of the guarantee to exhaust its legal remedies against the principal obligor's assets prior to the beneficiary exercising its rights against the guarantor under the guarantee. Although the Guarantees include a waiver of this right, the Guarantors have been advised by their Indonesian counsel, Assegaf Hamzah & Partners, that the Indonesian Guarantors may, nonetheless, require that a beneficiary of the Guarantees exhaust all available legal remedies against the Issuer, as the obligor before acting against the Guarantor.

There has been no prior market for the Notes; the absence of a prior market in the Notes may contribute to a lack of liquidity and the market price of the Notes following this offering may be volatile.

The Notes comprise a new issue of securities for which there is currently no public market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST, there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders to sell their Notes or the prices at which holders would be able to sell their Notes. The Notes could trade at prices that may be lower than the initial market value thereof depending on many factors, including prevailing interest rates, our operating results and the markets for similar securities. Although the Issuer and the Parent Guarantor have an obligation under the Indenture to use reasonable endeavors to maintain the listing of the Notes on the SGX-ST, the Issuer, the Parent Guarantor and the Initial Purchasers have no obligation to make a market in the Notes or to maintain the listing of the Notes on the SGX-ST. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the markets for the Notes, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material and adverse effect on the holders of the Notes.

The Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws, which could impair the enforceability of the Guarantees.

Under bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws in Indonesia, where the Parent Guarantor and the majority of the Subsidiary Guarantors are incorporated and where the majority of their significant assets are currently located (as well as under the law of certain other jurisdictions to which a Guarantor may be subject or in which insolvency proceedings against a Guarantor may be commenced), the enforceability of the Guarantees may be impaired if certain statutory or other conditions are

met. In particular, the Guarantees may be voided, or claims in respect of the Guarantees could be subordinated to all other debts of such Guarantor, if at the time of the incurrence of the indebtedness evidenced by, or when it gives, its Guarantee, it:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Guarantee in a position which, in the event of such Guarantor's insolvency, would be better than the position the beneficiary would have been in had the Guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such Guarantee;
- received no commercial benefit;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which such Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy if a fraudulent transfer is found, may vary depending on the law of the jurisdiction which is being applied. Under the laws of Indonesia, it would also be necessary for the directors to ensure that such Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- the realizable value of the assets of such Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of such Guarantor is maintained and that, after the giving of the Guarantee, such Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided the Guarantee, or held the Guarantee unenforceable for any other reason, then the Noteholders would cease to have a claim against such Guarantor based upon such Guarantee, and would solely be creditors of the Issuer. If a court subordinated the Guarantee to other indebtedness of such Guarantor, then claims under the Guarantee would be subject to the prior payment of all liabilities (including trade payables). We cannot assure you that there would be sufficient assets to satisfy the claims of the Noteholders after providing for all such prior claims.

Claims of the secured creditors of the Guarantors will have priority with respect to their security over the claims of unsecured creditors, such as the Noteholders, to the extent of the value of the assets securing such indebtedness.

Certain of our credit facilities are secured. See "Description of Other Material Indebtedness." The terms of the Indenture permit us to incur additional secured indebtedness under certain circumstances. See "Description of the Notes — Certain Covenants — Definitions — Permitted Liens."

Claims of the secured creditors of the Parent Guarantor and the Restricted Subsidiaries will have priority with respect to the assets securing their indebtedness over the claims of the Noteholders. Therefore, the Notes and the Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Guarantors to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy

or insolvency proceeding of the Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Guarantors that constitute their collateral. The Noteholders will participate ratably with all holders of the unsecured indebtedness of the Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Guarantors. In the event that any of the secured indebtedness of the Guarantors becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Guarantees. As a result, the Noteholders may receive less than holders of secured indebtedness of the Guarantors.

Payments with respect to the Notes and Guarantees will be structurally subordinated to liabilities, contingent liabilities and obligations of a significant number of our subsidiaries.

On the Original Issue Date (as defined in the Indenture), the Notes will not be guaranteed by a significant number of our subsidiaries. In addition, under the terms of the indenture, future Restricted Subsidiaries which are Excluded Subsidiaries may not be required to become guarantors of the Notes. See "Description of the Notes — Subsidiary Guarantees." Creditors, including trade creditors of our non-guarantor subsidiaries and any holders of preferred shares in such entities, would have a claim on our non-guarantor subsidiaries' assets that would be prior to the claims of the Noteholders. As a result, our payment obligations under the Notes and the Guarantees will be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries, and all claims of creditors of our non-guarantor subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including the Noteholders.

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

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be assigned a rating of "B2" by Moody's, "B" by S&P and "B+" by Fitch. The ratings address the ability to perform obligations under the terms of the Notes and the Guarantees of the Notes and the credit risks in determining the likelihood that payments will be made when due. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Upon a Change of Control of the Parent Guarantor, the Issuer may not be in a position to redeem the Notes.

Upon a change of control of the Parent Guarantor, the Issuer must, pursuant to the provisions of the Notes, make an offer to repurchase all of such Noteholder's Notes at a purchase price of 101% of their principal amount plus accrued and unpaid interest, if any, up to, but not including, the date of purchase. See "Description of the Notes." A Change of Control could occur as a result of a number of actions beyond the control of the Parent Guarantor, including the acquisition by any person or group other than the Permitted Holders of a percentage of the voting power of the Voting Stock of the Parent Guarantor greater than the Permitted Holders, the sale by the Permitted Holders of their Voting Stock, the enforcement of security interests granted by the Permitted Holders or other persons over their Voting Stock or other disposal beyond the control of the Parent Guarantor. In the event of such occurrence, there can be no assurance that the Parent Guarantor will have sufficient funds to pay the purchase price for all the Notes. The source of funds for payment under the Guarantee would be from the Parent Guarantor's available cash or third-party financing. The failure by the Issuer to make an offer to purchase all outstanding Notes upon a change of control would constitute an event of default under the Notes. Such event of default under the Notes may, in turn, constitute an event of default under the Parent Guarantor's other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Parent Guarantor's other debt were to be accelerated, the Parent Guarantor may not have sufficient funds to fulfill the Parent Guarantor's obligations under the Guarantee.

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

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

The transfer of Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Guarantee have not been registered under, and the Issuer is not obligated to register the Notes or the Guarantee under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions." The Parent Guarantor has not agreed to, or otherwise undertaken, to register the Notes (including by way of an exchange offer), and the Parent Guarantor has no intention to do so.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear, Clearstream and their respective participants. Interests in the Global Notes will trade in book entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Notes. The custodian for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants in Euroclear and Clearstream that hold book entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the custodian for Euroclear and Clearstream, the Parent Guarantor will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a Noteholder under the indenture.

Unlike the holders of the Notes themselves, owners of book entry interests will not have the direct right to act upon the Parent Guarantor's solicitations for consents, requests for waivers or other actions from holders of

the Notes. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies many not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

We must comply with the restrictions and covenants in our facility agreements and the Indenture governing the Notes to avoid defaulting under the terms of these agreements.

If we are unable to comply with the restrictions and covenants in the Indenture governing the Notes, or our current or future indebtedness and other agreements, there may be a default under the terms of the Indenture or these agreements. In the event of a default under the Indenture or these agreements, the lenders may terminate their commitments to lend to us, accelerate the indebtedness and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our indebtedness agreements, including the Indenture governing the Notes, contain cross-acceleration or cross-default provisions. As a result, our default under one indebtedness agreement may cause the acceleration of other indebtedness, including the Notes, or result in a default under our other indebtedness agreements, including the Indenture governing the Notes. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we may obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

We will follow the applicable disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

We will be subject to continuing reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST for such continuing reporting obligations may be different than those imposed by securities exchanges in other countries or regions such as the United States or the United Kingdom. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

Holders of the Notes will not have voting rights at shareholders' meetings.

Holders of the Notes do not have any right to vote at any of our shareholders' meetings. Consequently, Holders of the Notes cannot influence any decisions by our Board of Directors or any decisions by shareholders, including the declaration of dividends in respect of our ordinary shares.

Interest rate risks may affect the value of the Notes.

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

The value of the Collateral may not be sufficient to satisfy our obligations under the Notes.

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured by the Collateral (as defined in "Description of the Notes") which shall initially consist of: (i) a charge by Medco Strait Services Pte. Ltd. of the capital stock of the Issuer; (ii) a charge over all of the Issuer's rights in the Interest Reserve Account and the Escrow Account (each as defined below); and (iii) an assignment by the Issuer of its interest in and rights under the Intercompany Loans. The amount of proceeds that would ultimately be realized from the Collateral upon any enforcement action may not be sufficient to satisfy our obligations

under the Notes. The value of the Collateral and any amount to be recovered upon enforcement action against the Collateral will depend upon many factors including, among others, the jurisdiction in which the enforcement action or sale is completed, the ability to sell the Collateral in an orderly sale, the availability of buyers and the condition of the Collateral. The sale of certain Collateral, including charged shares, may violate provisions of certain of our operating agreements and may result in the termination of such agreements. An appraisal of the Collateral has not been prepared in connection with the offering of the Notes. Accordingly, we cannot assure you that any sale of the Collateral is possible or that the proceeds of any sale of the Collateral following an acceleration of the Notes or otherwise would be sufficient to satisfy, or would not be substantially less than, our obligations under the Notes. Each of these factors could reduce the likelihood of an enforcement action as well as reduce the amount of any proceeds in the event of an enforcement action.

The ability of the Collateral Agent to foreclose on the Collateral, upon the occurrence of an Event of Default, the occurrence of a Special Mandatory Redemption Event (as defined below) or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the security interests, we cannot assure you that the Trustee or Holders of the Notes will be able to enforce any of the security interests. The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. By its nature, some or all of the Collateral may be illiquid and may have no readily ascertainable market value. We cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

The rights over the Collateral will not be granted directly to the Noteholders.

The rights over the Collateral securing the obligations of the Issuer and the Parent Guarantor under the Notes and the Indenture have not been and will not be granted directly to the Noteholders, but will be granted only in favor of the Collateral Agent. As a consequence, Noteholders will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes and the Parent Guarantee, except through the Collateral Agent, which has agreed to apply any proceeds of enforcement on such security towards such obligations. The Trustee and the Collateral Agent will not be under any obligation to exercise any rights or powers conferred under the Indenture, the Notes, the Note Guarantees or any of the security agreements for the benefit of the Noteholders unless such Noteholders have offered to the Trustee and the Collateral Agent indemnity and/or security satisfactory (including by way of pre-funding) to the Trustee and the Collateral Agent against any loss, liability or expense which it may incur in complying with such instructions. If satisfactory indemnities or security are not provided in a timely manner by the Noteholders, any recovery under the Indenture, the Notes, the Guarantees or the security agreements may be adversely affected. Other than the Indonesian capital markets regulations, Indonesian law does not recognize the concept of trust including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships. Accordingly, enforcement of the provisions granting security in favor of third-party beneficiaries and otherwise relating to the nature of the relationship between a trustee (in its capacity as such) and the beneficiaries of a trust in Indonesia will be subject to an Indonesian court accepting the concept of trustee under New York law and accepting proof of the application of equitable principles under such security documents.

Noteholders are exposed to risks relating to Singapore taxation.

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfillment of certain conditions more particularly described in the section "Taxation — Singapore Taxation." However, there is no assurance that the Notes will continue to be "qualifying debt securities" or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws be amended or revoked at any time.

EXCHANGE RATES AND EXCHANGE CONTROLS

From 1978 to 1997, Indonesia maintained a managed floating exchange rate system under which the Rupiah was linked to a basket of currencies, the composition of which was based on Indonesia's main trading partners. Indonesia has adopted a free floating exchange rate system since August 1997, under which market forces determine the exchange rate for the Rupiah.

The following table sets forth information on the exchange rates between the Rupiah and U.S. dollars based on the middle exchange rate on the last day of each month during the year indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates.

	Middle Exchange Rates			
	High	Low	Average	At Period End
	(Rp. per US$)			
2012	9,707	8,892	9,380	9,670
2013	12,270	9,634	10,451	12,189
2014	12,900	11,271	11,878	12,440
2015	14,728	12,515	13,392	13,795
2016	13,946	12,926	13,307	13,436
2017	13,630	13,154	13,384	13,548
2018:	15,253	13,290	14,267	14,481
October	15,253	14,905	15,179	15,227
November	15,195	14,339	14,697	14,339
December	14,617	14,252	14,497	14,481
2019:				
January	14,474	14,031	14,163	14,072
February	14,119	13,947	14,035	14,062
March	14,324	14,102	14,211	14,244
April (through April 22, 2019)	14,237	14,016	14,136	14,056

Notes:

(1) Source: Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics) published monthly by Bank Indonesia; Internet website of Bank Indonesia.

(2) For full years, the high and low amounts are determined based on the month-end middle exchange rates announced by Bank Indonesia during the year indicated. The high and low monthly figures are determined based on the daily middle exchange rates during the month indicated.

Exchange Controls

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, an offshore branch of an Indonesian bank, or any investment denominated in Rupiah by foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year. For further explanation on obligations of Indonesian companies under exchange control regulations, see "Enforcement of the Guarantees in Indonesia — Indonesian Regulation of Offshore Debt."

Indonesian Law on Currency and Obligation to Use Rupiah in Indonesian Territory

On June 28, 2011, the House of Representatives (or the "Indonesian Parliament") passed Law No. 7 of 2011 (the "Currency Law") and on March 31, 2015, Bank Indonesia issued PBI 17/3 and enacted Bank Indonesia Circular Letter No. 17/11/DKSP on June 1, 2015 as the implementation guidelines ("SEBI 17/2015"). Under the Currency Law and PBI 17/3, all parties are required to use Rupiah for cash and non-cash transactions conducted within Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amounts and types of Rupiah denomination from customers to banks).

Subject to further requirements under PBI 17/3, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditure; (ii) the receipt or provision of grants either from or to overseas; (iii) international trade transactions, which includes (a) export and/or import of goods to or from outside Indonesian territory and (b) activities relating to cross border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws and regulations, including, among others; (a) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks, (b) securities in foreign currency issued by the Government in primary or secondary markets based on applicable laws, and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding *Lembaga Pembiayaan Ekspor Indonesia* (Indonesia Eximbank).

The Currency Law and PBI 17/3 prohibit the rejection of Rupiah when offered as a means of payment, to settle obligations and/or with respect to other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the parties to the transaction have agreed in writing to the payment or settlement of obligations in a foreign currency. Article 10 of PBI 17/3/2015 further explains that the exemption based on such a written agreement between the parties is only applicable to an agreement made with respect to one of the above exempted transactions or transactions related to a strategic infrastructure project.

PBI 17/3 took effect from March 31, 2015, and the requirement to use Rupiah for non-cash transactions was effective from July 1, 2015. Written agreements which were signed prior to July 1, 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or certain amendment of such agreements must comply with PBI 17/3.

According to SEBI 17/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment leases, housing leases, office leases, building leases, land leases, warehouse leases or vehicle leases, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, SEBI 17/2015 stipulates that conditional exemptions may apply to certain infrastructure projects, among others, (i) transportation infrastructure, including airport services, seaport procurement and/or services, railway infrastructure and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installation, collector channel and main channel, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure,

including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia.

A failure to comply with the obligation to use Rupiah in cash transactions will result in criminal sanctions in the form of fines and confinement. While a failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warning, (ii) fines, and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend the relevant authorities and institutions to conduct certain action such as revoking the business license or stopping the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

Purchasing of Foreign Currencies Against Rupiah through Banks

On September 5, 2016, Bank Indonesia issued Regulation No. 18/18/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties ("PBI 18/18"), as implemented by Governor of Bank Indonesia Regulation No. 20/16/PADG/2018 ("PADG 20/2018") dated August 15, 2018. Under PBI 18/18, any conversion of Rupiah into foreign currency for spot and standard derivative (plain vanilla) transactions that exceeds a specific threshold is required to have an underlying transaction and supported by underlying transaction documents. These thresholds are: (i) the purchase of foreign currency against Rupiah of more than US$25,000 or its equivalent per month per customer for spot transactions; (ii) the purchase of foreign currency against Rupiah of more than US$100,000 or its equivalent per month per customer for derivative transactions; (iii) the sales of foreign currency against Rupiah of more than US$5.0 million or its equivalent per transaction per customer for forward transactions; and (iv) the sales of foreign currency against Rupiah of more than US$1.0 million or its equivalent per transaction per customer for option transaction. The underlying transaction and supporting transaction documents are also required for transactions of foreign exchange structured product in the form of a call spread option, in any amount. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction.

The underlying transaction may consist of: (i) domestic and international trade of goods and services; (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia; and/or (iii) the granting of facility or financing from a bank in foreign currencies and/or Rupiah for trade and investment activities. Furthermore, PADG 20/2018 extends the scope of underlying transactions of point (iii) above to include sharia principle facilities or financing. The underlying transaction may not include: (i) a placement of funds in banks in the form of, among others, saving account, demand deposit account, time deposit, or Negotiable Certificate Deposit ("NCD"); (ii) money transfers by a remittance company; (iii) undrawn credit facilities, including standby loans and undisbursed loans; or (iv) usage of Bank Indonesia securities in foreign currencies.

Indonesian parties (i) conducting foreign currency structured product against Rupiah in form of Call Spread Option in any amount and (ii) purchasing foreign currencies from banks by way of (a) spot transactions; and (b) standard derivative (plain vanilla) transactions in excess of US$25,000 and US$100,000, respectively, will be required to submit certain supporting documents to the selling bank, including, among other items, a duly stamped or authenticated written statement by the company confirming that the underlying transaction document is valid and correct, and the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document. For the purchase of foreign currencies not exceeding such thresholds, the company must declare in a duly stamped or authenticated written statement by the company that its aggregate foreign currency purchases do not exceed the thresholds in the Indonesian banking system.

Bank Indonesia also issued Bank Indonesia Regulation No. 18/19/PBI/2016 dated September 5, 2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties ("PBI 18/19"), as implemented by

Governor of Bank Indonesia Regulation No. 20/17/PADG/2018 dated August 15, 2018. Similar to PBI 18/18, PBI 18/19 is intended to comprehensively govern foreign exchange transactions against Rupiah in Indonesia. However, unlike PBI 18/18, which targets Indonesian bank customers, PBI 18/19 governs foreign exchange transactions by banks and foreign parties.

PBI 18/19 also requires an underlying transaction if a foreign exchange transaction exceeds certain threshold amounts. The thresholds set forth by PBI 18/19, which are similar to the threshold amounts under PBI 18/18, are: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US$25,000 per month per foreign party, or its equivalent; (ii) for derivative transactions, the sale and purchase of foreign exchange against the Rupiah equivalent of US$1,000,000 per transaction per foreign party or per outstanding amount of each derivative transaction per bank, or its equivalent; (iii) for forward transaction, the sales of foreign currency against Rupiah of more than US$5.0 million or its equivalent per transaction per customer; and (iv) for option transaction, the sales of foreign currency against Rupiah of more than US$1,000,000 or its equivalent per transaction per customer for option transaction.

The underlying transaction under PBI 18/19 may consist of: (i) domestic and international trade of goods and services; and/or (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia.

The following transactions are not considered as underlying transactions: (i) Bank Indonesia Certificates for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of saving account, demand deposit account, time deposit, or NCD; (iii) the granting of facility which has not been withdrawn, such as standby loan and disbursed loan; and (iv) the usage of Bank Indonesia securities in foreign currencies.

Similar to PBI 18/18, PBI 18/19 also requires foreign parties that (i) conducting foreign currency structured product against Rupiah in form of a call spread option in any amount and (ii) purchasing foreign currencies from banks by way of (a) spot transactions; and (b) standard derivative (plain vanilla) transactions in excess of US$25,000 and US$100,000, respectively, to submit certain supporting documents to the selling bank, including, among other items, a duly stamped or authenticated written statement by the company confirming that the underlying transaction document is valid and correct, and the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document. For the purchase of foreign currencies not exceeding such thresholds, the company must declare in a duly stamped or authenticated written statement by the company that its aggregate foreign currency purchases do not exceed the thresholds in the Indonesian banking system.

CAPITALIZATION

The following table shows our consolidated short-term and long-term debts, shareholders' equity and total capitalization as of December 31, 2018, which are derived from the Company's historical audited consolidated financial statements and the Company's unaudited pro forma combined consolidated financial information as of December 31, 2018 and for the year then ended all prepared in accordance with Indonesian FAS and included elsewhere in this Offering Circular, on:

- an actual basis;
- an as adjusted basis, to reflect the total unaudited combined historical amounts of the Company's audited consolidated financial statements as of December 31, 2018 and for the year then ended prepared in accordance with IFAS, included elsewhere in the Offering Circular and the Ophir's unaudited consolidated financial statements as of December 31, 2018 and for the year then ended prepared in accordance with IFAS not included in this Offering Circular (see "As adjusted #1" column of the table below); and
- an as adjusted basis, to reflect: (i) the assumption as discussed in "As adjusted #1" column of the table below, (ii) the offering of the Notes covered by this Offering Circular, and (iii) the repayments of Ophir's bank loans and US Dollar bonds (see "As adjusted #2" column of the table below).

For the purposes of making adjustments to the table below with respect to the offering of the Notes, we have estimated that we will receive net proceeds (i.e., after deducting an estimated aggregate amount of commissions, discounts, fees and certain other estimated expenses we expect to incur in connection with the offering of the Notes) of approximately US$632.7 million from the gross proceeds from the sale of the Notes, which are estimated to be US$650.0 million in aggregate. Such proceeds will be used to fund the Acquisition upon closing thereof and make other payments as described under "Use of Proceeds". You should read the as adjusted capitalization data set forth in the table below in conjunction with "Use of Proceeds", "Selected Financial, Operating and Reserve Data", "Management's Discussion and Analysis of Financial Condition", "Unaudited Pro Forma Combined Consolidated Financial Information", and "Results of Operations of the Company" and our consolidated financial statements, our unaudited pro forma combined consolidated financial information and the accompanying notes thereof included elsewhere in this Offering Circular.

	As of December 31, 2018		
	(Actual)	(As adjusted #1)	(As adjusted #2)
	US$ in millions		
Cash and cash equivalents	418.1	708.0	394.7
Short-term debt:			
Bank loans	40.0	40.0	40.0
Long-term debts (including current maturities):			
Bank loans	1,242.8	1,488.5	1,242.8
Loan from non-bank financial institutions	11.0	11.0	11.0
Rupiah bonds	525.0	525.0	525.0
US Dollar bonds	867.8	974.5	867.8
Medium-term notes	121.0	121.0	121.0
Senior notes offered hereby	—	—	650.0
Total short-term and long-term debts	**2,807.5**	**3,160.0**	**3,457.5**

	As of December 31, 2018		
	(Actual)	(As adjusted #1)	(As adjusted #2)
	US$ in millions		
Equity:			
Capital stock — Rp.25 par value per share			
Authorized — 38,000,000,000 shares			
Issued and fully paid — 17,829,347,601 shares	109.4	112.5	109.4
Treasury shares – 66,831,040 shares	(0.4)	(0.5)	(0.4)
Additional paid-in capital	372.1	1,561.7	372.1
Effects of changes in the equity transactions of subsidiaries/ associates	0.1	0.1	0.1
Translation adjustments	(4.5)	(1.0)	(4.5)
Fair value adjustment on cash flow hedging instruments	7.2	14.9	7.2
Fair value adjustments on available-for-sale investment	1.0	1.0	1.0
Share of other comprehensive loss of associates and joint venture	(2.7)	(2.7)	(2.7)
Remeasurement of defined benefit program	29.8	29.8	29.8
Retained earnings			
— Appropriated	6.5	6.5	6.5
— Unappropriated	700.6	163.3	700.6
Total equity attributable to the equity holders of the parent company	1,219.2	1,887.7	1,219.2
Non-controlling interest	168.1	168.1	168.1
Total equity	**1,387.3**	**2,055.8**	**1,387.3**
Total capitalization[(1)]	**4,194.8**	**5,215.8**	**4,844.8**

Note:

(1) Total capitalization includes total debt plus total equity.

Other than as set forth in this Offering Circular, there has been no material change in our total capitalization since December 31, 2018.

USE OF PROCEEDS

The aggregate net proceeds from this offering of the Notes, after deducting an estimated amount of discounts, commissions, fees and other expenses for the offering payable by us, are expected to be approximately US$632.7 million.

Subject to the occurrence of the Scheme Effective Date, the net proceeds will be used to:

- pay the consideration of, and fees and expenses relating to, the Acquisition;
- fund the Interest Reserve Account with an amount equal to one (1) semi-annual interest payment under the Notes; and
- fund an escrow account with remaining net proceeds to be released from time to time to refinance Indebtedness of the Parent Guarantor and its restricted subsidiaries (including Ophir and its restricted subsidiaries) outstanding on the date the Notes are issued or, if later, outstanding on the date the proceeds to pay the consideration of the Acquisition are released from escrow.

The Notes are currently expected to be issued on or after the Scheme Effective Date. Notwithstanding, if the Notes are issued prior to the Scheme Effective Date, the net proceeds of this offering, together with the additional cash contributed by the Parent Guarantor or its subsidiaries, will be placed in an escrow account. Funds to consummate the acquisition of Ophir and to fund the Interest Reserve Account will be released from the escrow account upon the satisfaction of certain conditions on or after the Scheme Effective Date. If the Scheme Effective Date does not occur or the conditions to release such escrowed funds are not satisfied on or prior to the Acquisition Deadline, or if certain other earlier events occur, the net proceeds of the notes and additional cash contributed to the escrow account will be used to redeem the Notes in a special mandatory redemption.

SELECTED FINANCIAL, OPERATING AND RESERVE DATA

The following tables set forth certain summary consolidated financial data of the Company as of the dates and for each of the periods indicated. The summary consolidated financial information as of and for the years ended December 31, 2016, 2017, and 2018 included in this Offering Circular are derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which were prepared in accordance with Indonesian FAS, and included elsewhere in this Offering Circular.

The Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 included in this Offering Circular have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited) independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit reports appearing elsewhere in this Offering Circular.

The Company's consolidated financial statements have been prepared in accordance with Indonesian FAS, which differs in certain respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP" and "Risk Factors — Risks Relating to the Company — Indonesian corporate and other disclosure and accounting standards differ from those in other jurisdictions, such as the United States and countries in the European Union."

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Sales and Other Operating Revenues			
Net oil and gas sales	554.9	834.6	980.2
Electric power sales and revenue from related services	—	67.5	235.9
Revenues from services	7.0	3.0	2.2
Total Sales and Other Operating Revenues	**561.9**	**905.1**	**1,218.3**
Cost of Sales and Other Direct Costs			
Production and lifting costs	190.2	192.3	203.3
Cost of electric power sales and related services	—	40.6	134.3
Cost of crude oil purchases	13.3	80.9	125.4
Depreciation, depletion, and amortization	106.3	160.6	108.8
Exploration expenses	6.1	10.1	8.6
Cost of services	0.9	5.3	5.7
Total Cost of Sales and Other Direct Costs	**316.8**	**489.6**	**586.1**
Gross Profit	**245.1**	**415.5**	**632.2**
Selling, general and administrative expenses	(89.8)	(147.8)	(160.7)
Finance costs	(99.4)	(140.6)	(189.0)
Finance income	7.6	32.3	12.7
Bargain purchase	551.7	43.1	—
Gain on business combination achieved in stages	—	16.1	—
Income from insurance claim	—	7.7	—
Loss on assets recognized at fair value less cost to sell	(11.9)	—	—
Reversal of (Loss on) impairment of assets	(196.3)	95.9	(2.2)
Loss on dilution of long-term investment	—	—	(19.1)
Share of net loss of associates and joint venture	(27.0)	(37.0)	(66.7)
Other income	9.7	22.6	10.1
Other expenses	(6.4)	(14.4)	(18.6)
Profit Before Income Tax Expense from Continuing Operations	**383.2**	**293.5**	**198.8**
Income Tax Expense	**(61.6)**	**(138.1)**	**(196.5)**
Profit for The Year from Continuing Operations	**321.6**	**155.4**	**2.4**
Loss after Income Tax Expense from Discontinued Operations	(134.5)	(23.6)	(30.7)
Profit (Loss) for The Year	**187.0**	**131.8**	**(28.4)**
Other Comprehensive Income			
Other Comprehensive Income That Will Be Reclassified to Profit or Loss			
Translation adjustments	1.9	26.7	(5.6)
Fair value adjustment on cash flow hedging instruments — net of tax	26.7	24.3	(7.1)
Fair value adjustment on available-for-sale investment	—	0.7	0.4
Share of other comprehensive income (loss) of associates and joint venture	(24.2)	12.4	11.7
Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss			
Share of other comprehensive income of associates and joint venture	0.06	—	—
Remeasurement of defined benefit program	3.7	(5.5)	10.4
Income tax related to the accounts that will not be reclassified to profit or loss	(0.3)	(0.8)	(0.9)
Total Comprehensive Income (Loss) for The Year	**195.0**	**189.6**	**(19.6)**

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Profit (Loss) for the Year Attributable to Equity Holders of the Parent Company			
Profit (loss) for the year from continuing operations	319.3	150.7	(20.6)
Loss for the year from discontinued operations	(134.5)	(23.6)	(30.7)
Profit (loss) for the year attributable to equity holders of the parent company	184.8	127.1	(51.3)
Profit for the year attributable to non-controlling interests	2.3	4.7	22.9
	187.0	131.8	(28.4)
Total Comprehensive Income (Loss) for the Year Attributable to Equity Holders of the Parent Company			
Comprehensive income (loss) for the year from continuing operations	327.2	208.1	(14.1)
Comprehensive loss for the year from discontinued operations	(134.5)	(23.6)	(30.7)
Comprehensive income (loss) for the year attributable to equity holders of the parent company	192.7	184.5	(44.9)
Comprehensive income for the year attributable to non-controlling interests	2.3	5.1	25.3
	195.0	**189.6**	**(19.6)**
Basic Earnings (Loss) per Share Attributable to Equity Holders of the Parent Company[2]	**0.01300**	**0.00887**	**(0.00290)**
Basic Earnings (Loss) per Share From Continuing Operations Attributable to Equity Holders of the Parent Company[2]	**0.02247**	**0.01051**	**(0.00116)**
Diluted Earnings (Loss) per Share Attributable to Equity Holders of the Parent Company[2]	—	**0.00886**	**(0.00266)**
Diluted Earnings (Loss) per Share From Continuing Operations Attributable to Equity Holders of the Parent Company[2]	—	**0.01050**	**(0.00107)**

Notes:

(1) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

(2) As presented in the Company's Consolidated Financial Statements.

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Consolidated Statements of Financial Position			
Assets			
Current Assets			
Cash and cash equivalents	164.6	489.0	418.1
Short-term investments	66.9	26.3	25.2
Restricted time deposits and cash in banks	—	145.8	208.1
Trade receivables			
— Related parties	0.7	—	—
— Third parties	182.5	196.2	166.5

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Other receivables			
— Related parties	250.7	279.8	1.5
— Third parties	100.9	159.5	81.5
Financial lease receivables — current maturities	—	7.9	14.7
Concession financial assets — current maturities	—	70.0	75.7
Inventories	70.3	88.9	62.3
Prepaid taxes	4.2	3.2	8.6
Prepaid expenses	4.7	8.8	9.0
Derivative assets	—	—	1.9
Non-current assets classified as held for sale	266.4	464.3	709.8
Other current assets	22.4	35.4	44.2
Total Current Assets	1,134.3	1,975.1	1,827.1
Non-Current Assets			
Other receivables	51.8	88.0	131.9
Financial lease receivables — net of current maturities	—	244.6	233.9
Concession financial assets — net of current maturities	—	475.1	532.3
Restricted time deposits and cash in banks	2.4	5.9	1.4
Deferred tax assets	90.4	89.8	90.5
Long-term investments	924.5	887.3	953.7
Investment in project	22.7	—	—
Property, plant and equipment	5.2	67.9	43.2
Investment properties	351.3	—	—
Exploration and evaluation assets	70.4	103.8	102.2
Oil and gas properties	921.2	1,107.8	1,229.4
Goodwill	16.2	67.0	67.0
Derivative assets	1.7	6.9	4.6
Other assets	5.1	41.6	35.1
Total Non-Current Assets	2,462.9	3,185.7	3,425.3
Total Assets	**3,597.1**	**5,160.8**	**5,252.4**
Liabilities and Equity			
Short-term bank loans	16.0	42.0	40.0
Trade payables			
— Related parties	—	24.7	20.8
— Third parties	104.9	115.1	98.3
Other payables			
— Related parties	—	—	12.4
— Third parties	102.5	171.9	102.0
Taxes payable	32.4	46.8	28.7
Accrued expenses and other provisions	75.5	114.7	149.1
Employee benefits liabilities - current portion	4.0	2.3	1.2
Derivative liabilities	63.8	55.1	11.2
Liabilities directly associated with the non-current assets classified as held for sale	62.2	202.2	187.9

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Current maturities of long-term debt			
— Bank loans	228.5	161.4	230.5
— Loans from non-bank financial institutions	—	1.2	0.1
— Rupiah bonds	148.7	129.0	77.4
— US Dollar bonds	17.8	—	—
— Medium term notes	—	73.7	54.5
Advances from customers			
— Related parties	0.4	—	—
— Third parties	4.0	153.6	88.0
Total Current Liabilities	860.6	1,293.6	1,102.0
Long-term debt — net of current maturities			
— Bank loans	1,009.6	1,367.2	1,012.3
— Loans from non-bank financial institutions	—	27.3	10.9
— Rupiah bonds	316.9	348.6	447.6
— US Dollar bonds	—	384.7	867.8
— Singapore Dollar bonds	68.3	—	—
— Medium term notes	127.5	54.0	66.5
Advance from a customer	—	—	7.5
Other payables	55.5	17.3	17.7
Deferred tax liabilities	104.7	136.7	188.5
Long-term employee benefits liabilities	41.6	46.8	19.8
Derivative liabilities	67.5	20.1	36.0
Assets abandonment and site restoration obligations and other provisions	54.5	61.6	88.6
Total Non-Current Liabilities	1,846.1	2,464.5	2,763.2
Total Liabilities	**2,706.6**	**3,758.1**	**3,865.1**
Total Equity	**890.5**	**1,402.7**	**1,387.3**
Total Liabilities and Equity	**3,597.1**	**5,160.8**	**5,252.4**

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Consolidated Statements of Cash Flows			
Net Cash Provided by Operating Activities	10.0	443.6	361.7
Net Cash Used in Investing Activities	(567.3)	(242.9)	(266.7)
Net Cash Provided by (Used in) Financing Activities	259.8	121.0	(41.6)

Notes:

(1) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[5]	(Restated)[5]	
	(US$ in million)		
Other Financial Data:			
EBITDA[1]	262.7	429.3	582.0
EBITDAX[2]	268.8	439.4	590.5

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[5]	(Restated)[5]	
Net debt / EBITDA[3]	6.7	4.5	3.7
EBITDA / Interest[4]	2.6	3.1	3.1

Notes:

(1) We calculate EBITDA as gross profit minus selling, general and administrative expenses plus depreciation, depletion and amortization (which are charged to cost of sales and other direct costs and selling, general and administrative expenses).

(2) EBITDAX is EBITDA plus exploration expenses.

(3) We calculate Net debt / EBITDA as our total debt (bank loans, loans from non-bank financial institutions, Rupiah bonds, US Dollar bonds, Singapore Dollar bonds and medium term notes) minus cash and cash equivalents and restricted time deposits and cash in banks, divided by our EBITDA.

(4) We calculate EBITDA / Interest as EBITDA divided by finance costs.

(5) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

Non-GAAP Accounting Items

EBITDA and EBITDAX are not measurements of financial performance under Indonesian FAS and should not be considered as an alternative to net income as indicators of the Company's operating performance or any other measures of performance derived in accordance with Indonesian FAS. As a measure of the Company's operating performance, the Company believes that the most directly comparable Indonesian FAS measure to EBITDA and EBITDAX is gross profit and profit or loss before income tax expense.

The following table reconciles the Company's gross profit to the Company's definition of EBITDA and EBITDAX for the years ended December 31, 2016, 2017 and 2018. EBITDA means earnings before interest, taxes, depreciation (including depletion), amortization, gain or loss on foreign exchange and other income or charges. EBITDAX means EBITDA adding back exploration expenses.

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[3]	(Restated)[3]	
	(US$ in millions)		
Reconciliation of EBITDA and EBITDAX to Gross Profit			
Gross profit	245.1	415.5	632.2
Selling, general and administrative expenses	(89.8)	(147.8)	(160.7)
Sub-total	155.3	267.7	471.5
Depreciation, depletion and amortization (including charged to selling, general and administrative expenses)	107.4	161.6	110.4
EBITDA	**262.7**	**429.3**	**582.0**
Exploration Expense	6.1	10.1	8.6
EBITDAX	**268.8**	**439.4**	**590.5**

Notes:

(1) We calculate EBITDA as gross profit minus selling, general and administrative expenses plus depreciation, depletion and amortization (which are charged to cost of sales and other direct costs and selling, general and administrative expenses). We define EBITDAX as EBITDA plus exploration expenses. We have included EBITDA and EBITDAX because management believes they are financial measures commonly used in the oil and gas industry as a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. These measures should not be considered in isolation or construed as an alternative to cash flows, earnings or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. These measures do not account for certain items such as taxes, interest expense and other non-operating cash expenses. In evaluating these measures, we believe that investors should consider, among other things, the components of these measures such as revenues and operating expenses and the amount by which these measures exceed capital expenditures and other charges. These measures presented herein may not be comparable to similarly titled measures presented by other companies.

(2) The Company uses January 1 to December 31 as a basis for preparation of the year-end financial statement. The EBITDA information is also used to calculate the fixed coverage ratios that are included in "Description of the Notes."

(3) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

Summary Operating and Reserve Data

The table below sets forth certain operating data for the years ended December 31, 2016, 2017 and 2018.

	For the Years Ended December 31,		
	2016	2017	2018
	(US$ in millions)		
Oil			
Oil lifting and sales (MBOPD)	21.5	26.2	26.5
Average realized sales price (US$ per BBL)(1)	42.3	51.5	67.8
Gas			
Gas lifting and sales (BBTUPD)	212.2	273.4	267.8
Average realized sales price (US$ per MMBTU)(2)	4.4	5.5	6.4
Total production (MBOEPD), including Oman service contract)	66.0	86.8	84.7
Total production (MBOEPD), excluding Oman service contract)	57.7	78.8	77.5
Proved and probable reserve life index (in years)(3)	14.0	10.9	10.0
Revenue from fixed-price contracts (US$ million)(4)	237.5	280.3	242.0
Revenue from fixed-price contracts as percentage of total revenue (%)	42.8%	33.6%	24.7%
Unit cash production cost (US$ per BOE)(5)	8.8	9.1	8.7
Unit lifting cost (US$ per BOE)(6)	6.1	5.2	5.8
Unit general and administrative cost (US$ per BOE)(7)	2.7	4.0	2.9

Notes:

(1) Represents our total net sales for the period divided by our aggregate net entitlement for the period.

(2) Based on our net entitlement, See "Notice to Investors — Presentation of Oil and Gas Reserves Data" for a definition of net entitlement.

(3) Prior year-end net proved and probable reserves divided by production attributable to our net working interest.

(4) Represents revenue earned under GSAs which are fixed in US$/MMBTU with an application of a relatively small escalation factor (typically 2.5% to 3.0% per annum).

(5) Represents total oil and gas production and lifting cost including general and administration costs divided by aggregate production for the year.

(6) Represents total oil and gas production and lifting cost divided by aggregate production for the year.

(7) Represents total oil and gas general and administration cost divided by aggregate production for the year.

The table below summarizes our estimated gross working interest proved reserves and estimated gross working interest proved and probable reserves based on our estimates as of December 31, 2018. See "Business — Reserves."

	As of or for the year December 31,		
	2016	2017	2018
Gross working interest proved reserves:[1]			
Natural gas (BCF)	712.2	798.2	758.5
Oil and condensate (MMBBLS)	98.1	93.3	89.2
Total (MMBOE)	219.6	233.5	222.0
Gross working interest proved and probable reserves:[1]			
Natural gas (BCF)	918.2	911.3	824.9
Oil and condensate (MMBBLS)	148.4	59.0	137.2
Total (MMBOE)	305.0	216.8	281.7
Proved developed reserves (MMBOE)[2]	186.7	177.2	189.9
Reserve replacement ratio[3]	2.3	1.3	0.0

Notes:

(1) For a description of the meaning of gross working interest proved reserves, gross working interest proved and probable reserves and gross working interest proved and probable and possible reserves as of the reference dates set out in this Offering Circular, please see "Notice to Investors — Presentation of Oil and Gas Reserves Data." These gross working interest values are calculated based upon our portion of the estimated gross proved reserves and gross proved and probable reserves attributable to our effective working interest, which have been derived from reserves estimations or assessments as of their effective dates and then deducting production, without accounting for reserves appreciation or depreciation, at each production block over the period from the respective estimations or assessments effective date (if a block has been so earlier estimated or assessed) to December 31, 2018. If a recent reserves estimations or assessments for a block are unavailable, the estimates have been derived by our internal technical team based on guidelines promulgated by the Society of Petroleum Engineers in the SPE-PRMS. To the extent that we have presented our gross working interest reserves on the basis of our effective working interest under the applicable contractual arrangement and not in accordance with SPE-PRMS guidelines, we and not our independent petroleum engineering consultants are responsible for such data. However, our independent petroleum engineering consultants are responsible for the reserves data prior to adjustment for the effective working interest. Certain of these reserve estimations or assessments may include projections, forecasts or other forward-looking statements and any such information does not form part of this Offering Circular.

(2) Proved developed reserves means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

(3) Represents the amount of reserves added in the period divided by production for the year.

See "Risk Factors — Risks Relating to Our Business and Operations — The oil and gas reserves data in this Offering Circular are only estimates and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; there are no recent reserve estimations or assessments available for a significant portion of our reserves, and the oil and gas reserves data for these blocks are based on our internal estimates. In addition, probable reserves are generally believed to be less likely to be recovered than proved reserves."

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following tables present the unaudited pro forma combined consolidated financial information of the Company as of December 31, 2018 and for the year then ended, which consists of: (i) the unaudited pro forma combined consolidated statement of financial position as of December 31, 2018, (ii) the unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018, and (iii) the notes to the unaudited pro forma combined consolidated financial information as of December 31, 2018 and for the year then ended (collectively referred to as the "Unaudited Pro Forma Combined Consolidated Financial Information").

The unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018 gives effect to the Acquisition by Medco Energi (through MEG) of Ophir as if the Acquisition had occurred since January 1, 2018. The unaudited pro forma combined consolidated statement of financial position as of December 31, 2018 gives effect to the Acquisition as if the Acquisition had occurred on December 31, 2018. The Unaudited Pro Forma Combined Consolidated Financial Information was prepared based on: (i) the historical audited consolidated financial statements of the Company as of December 31, 2018 and for the year then ended prepared by Medco Energi's management in accordance with IFAS and presented in U.S. dollars (the "2018 IFAS Audited Financial Statements of the Company"), and (ii) the historical unaudited consolidated financial statements of the Ophir Group as of December 31, 2018 and for the year then ended prepared by Medco Energi's management in accordance with IFAS and presented in U.S. dollars (the "2018 IFAS Unaudited Financial Statements of the Ophir Group"). The 2018 IFAS Unaudited Financial Statements of the Ophir Group were prepared by Medco Energi's management by converting the historical audited consolidated financial statements of the Ophir Group as of December 31, 2018 and for the year then ended prepared by the Ophir's management in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS") and presented in U.S. dollars (the "2018 EU IFRS Audited Financial Statements of the Ophir Group") to IFAS after considering: (i) the relevant significant differences between EU IFRS and IFAS, and (ii) the alignment of the financial statements presentation in conformity with the 2018 Audited Financial Statements of the Company through certain reclassification journal entries.

The 2018 IFAS Audited Financial Statements of the Company, which are included in this Offering Circular, have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IICPA"), whose audit report is also included in this Offering Circular.

The 2018 EU IFRS Audited Financial Statements of the Ophir Group, which are derived from Public Sources and included in this Offering Circular, have been audited by Ernst & Young LLP, London, United Kingdom, independent auditors, in accordance with International Standards on Auditing (UK), whose audit report is also derived from Public Sources and is also included in this Offering Circular.

The 2018 IFAS Unaudited Financial Statements of the Ophir Group, which are not included in this Offering Circular, are neither audited nor reviewed in accordance with any generally accepted auditing or review standards.

We have derived our summary Unaudited Pro Forma Combined Consolidated Financial Information presented in the tables below through the following mechanism:

(a) First, the accounts in the audited historical consolidated statement of financial position of Ophir Group as of December 31, 2018 and the audited historical consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018 prepared under EU IFRS have been reclassified ("Reclassification Adjustments") to conform to the presentation of the audited

historical consolidated statement of financial position of Company as of December 31, 2018 and the audited historical consolidated statement of profit or loss and other comprehensive income for the year then ended. Further, Medco Energi presented "IFAS Adjustments" which pertain to adjustments to reflect (i) the adjustments to convert Ophir's EU IFRS balances to IFAS balances; and (ii) adjustments to conform the Ophir Group's significant accounting policies to Company's significant accounting policies and IFAS balances. However, Medco Energi will not control Ophir Group until the Scheme of Arrangement is effective and therefore the Ophir information has been extracted from Public Sources, all information required to perform a detailed assessment of Ophir Group's consolidated financial information cannot be obtained as of the date of this Offering Circular and for purposes of the Unaudited Pro Forma Combined Consolidated Financial Information, Medco Energi used certain assumptions relating to the available information. For further details on Medco Energi's key assumptions and estimates on these IFAS adjustments, see "Notes on IFAS Adjustments."

(b) *Lastly, Medco Energi recorded "Pro forma Adjustments" based on preliminary estimates and assumptions. For further details on Medco Energi's key assumptions and estimates underlying the pro forma adjustments, see "Notes on Pro forma Adjustments."*

The Unaudited Pro Forma Combined Consolidated Financial Information included in this Offering Circular is provided for illustrative purposes only. Because of its nature, the Unaudited Pro Forma Combined Consolidated Financial Information included in this Offering Circular addresses a hypothetical situation and, therefore, does not represent the Company's actual results of operations for the year ended December 31, 2018. In addition, the Unaudited Pro Forma Combined Consolidated Financial Information included in this Offering Circular does not represent what the Company's financial condition or results of operations actually would have been if the Acquisition had in fact occurred since January 1, 2018 and is not representative of and should not be relied upon as indicative of the results of operations for any future periods.

The unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income set forth below does not take into account: (i) additional interest expenses which would have been payable on the Notes issued pursuant to this offering, had such Notes been issued as of January 1, 2018; (ii) a reduction in interest expenses with respect to certain Ophir Group debt to be repaid, had such debt actually have been repaid as of January 1, 2018; and (iii) the effects on income tax expenses of the pro forma adjustments set forth in Note 3 Unaudited Pro Forma Combined Consolidated Financial Information assuming the Acquisition had occurred as of January 1, 2018. See "Risk Factors — Risks Relating to the Acquisition — The historical financial information for Ophir and the pro forma financial information included in this Offering Circular may not be representative of our results as a combined company in the future."

You should read the Unaudited Pro Forma Combined Consolidated Financial Information presented in the tables below in conjunction with our consolidated financial statements, Ophir's financial statements, related notes to such financial statements, and other financial information, included elsewhere in this Offering Circular and the sections of this Offering Circular entitled "Summary Financial, Operation and Reserve Data," "Risk Factors — Risks Relating to Our Company," "Management's Discussion and Analysis of Our Financial Condition and Results of Operations" and "Proposed Acquisition of Ophir — Management's Discussion and Analysis of Our Financial Condition and Results of Operations for Ophir" and "Risk Factors — Risks Relating to the Acquisition — The historical financial information for Ophir and the pro forma financial information included in this Offering Circular may not be representative of our results as a combined company in the future."

Ophir Energy plc
Historical Consolidated Statement of Financial Position
Prepared in accordance with EU IFRS
As of December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (Before Reclassification) (Audited)	Reclassification (Unaudited)	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)
Non-current Assets			
Exploration and evaluation assets	196.1	(196.1)	—
Oil and gas properties	917.1	(917.1)	—
Other property, plant and equipment	1.4	(1.4)	—
Investments accounted for using the equity method	76.1	(76.1)	—
Other long term receivables	91.1	(91.1)	—
Total Non-current Assets	**1,281.8**	**(1,281.8)**	**—**
Current assets			
Assets classified as held for sale	—	—	—
Inventory	33.5	(33.5)	—
Derivative financial instruments	10.0	(10.0)	—
Taxation receivable	9.1	(9.1)	—
Trade and other receivables	59.0	(59.0)	—
Cash and cash equivalents	323.4	(323.4)	—
Total Current Assets	**435.0**	**(435.0)**	**—**
Total Assets	**1,716.8**	**(1,716.8)**	**—**
Current Liabilities			
Trade and other payables	(99.0)	99.0	—
Interest-bearing bank borrowings due within one year	(103.2)	103.2	—
Taxation payable	(37.2)	37.2	—
Provisions	(33.6)	33.6	—
Total Current Liabilities	**(273.0)**	**273.0**	**—**
Non-current Liabilities			
Trade and other payables	(14.7)	14.7	—
Interest-bearing bank borrowings	(142.5)	142.5	—
Bonds payable	(106.7)	106.7	—
Provisions	(130.7)	130.7	—
Deferred tax liability	(353.5)	353.5	—
Net defined benefit liability	(0.0)	0.0	—
Total Non-current Liabilities	**(748.1)**	**748.1**	**—**
Total Liabilities	**(1,021.1)**	**1,021.1**	**—**
Net Assets	**695.7**	**(695.7)**	**—**
Capital and reserves			
Called up share capital	3.1	(3.1)	—
Reserves	692.6	(692.6)	—
Equity attributable to equity shareholders of the parent company	**695.7**	**(695.7)**	**—**
Total equity	**695.7**	**(695.7)**	**—**

Ophir Energy plc
Historical Consolidated Income Statement and Statement of Other Comprehensive Income
Prepared in accordance with EU IFRS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (Before Reclassification) (Audited)	Reclassification (Unaudited)	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)
Revenue	298.2	(298.2)	—
Cost of sales	(199.2)	199.2	—
Gross profit	**99.0**	**(99.0)**	**—**
Share of profit of investments accounted for using the equity method	4.9	(4.9)	—
Impairment (losses)/reversal of oil and gas properties	(13.5)	13.5	—
Impairment of investments accounted for using the equity method	(45.0)	45.0	—
Impairment of non-current assets held for sale	(613.7)	613.7	—
Exploration expenses	(130.4)	130.4	—
General and administration expenses	(10.9)	10.9	—
Gain on bargain purchase	57.5	(57.5)	—
Other operating expenses	(40.8)	40.8	—
Operating loss	**(692.7)**	**692.7**	**—**
Net-finance expense	(27.2)	27.2	—
Other financial gains	0.2	(0.2)	—
Loss from continuing operations before taxation	**(719.8)**	**719.8**	**—**
Taxation expense	(61.9)	61.9	—
Loss from continuing operations for the year	**(781.7)**	**781.7**	**—**
Attributable to:			
Equity holders of the parent company	(781.7)	781.7	—
	(781.7)	**781.7**	—
Consolidated statement of other comprehensive income			
Loss from continuing operations for the year	**(781.7)**	**781.7**	
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent period:			
Exchange differences on retranslation of foreign operations, net of tax	0.0	0.0	—
Cash flow hedges marked to market	5.6	(5.6)	—
Cash flow hedges reclassified to the income statement	8.0	(8.0)	—
Other comprehensive income/(loss) for the year, net of tax	**13.5**	**(13.5)**	**—**
Total comprehensive loss for the year, net of tax:	**(768.1)**	**768.1**	**—**
Attributable to:			
Equity holders of the parent company	(768.1)	768.1	—
	(768.1)	**768.1**	**—**

Ophir Energy plc
Unaudited Consolidated Statement of Financial Position — Reclassification
Prepared in accordance with EU IFRS
As at December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (Before Reclassification) (Unaudited)	Reclassification (Unaudited)	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)
Current Assets			
Cash and cash equivalents	—	323.4 (33.5)[1a]	289.9
Restricted time deposits and cash in banks	—	33.5[1a]	33.5
Trade receivables			
— Third parties	—	59.0	59.0
Inventories	—	33.5	33.5
Prepaid taxes	—	9.1	9.1
Derivative assets	—	10.0	10.0
Total Current Assets	**—**	**435.0**	**435.0**
Non-current Assets			
Other receivables			
— Third parties	—	91.1 (75.7)[1b]	15.4
Long-term investments	—	76.1	76.1
Property, plant and equipment	—	1.4	1.4
Exploration and evaluation of assets	—	196.1	196.1
Oil and gas properties — net of accumulated depreciation and amortization	—	917.1	917.1
Total Non-current Assets	**—**	**1,206.1**	**1,206.1**
Total Assets	**—**	**1,641.1**	**1,641.1**
CURRENT LIABILITIES			
Trade payables			
— Related parties	—	99.0	99.0
Taxes payable	—	37.2	37.2
Accrued expenses and other provisions	—	33.6	33.6
Current maturities of long-term debt			
— Bank loans	—	103.2	103.2
Total Current Liabilities	**—**	**273.0**	**273.0**
Non-current Liabilities			
Long-term debt — net of current maturities			
— Bank loans	—	142.5	142.5
— US Dollar bonds	—	106.7	106.7
Other payables	—	14.7	14.7
Deferred tax liabilities	—	353.5	353.5
Asset abandonment and site restoration obligations and other provisions	—	130.7 (75.7)[1b]	55.0
Total Non-current Liabilities	**—**	**672.4**	**672.4**
Total Liabilities	**—**	**945.4**	**945.4**

Ophir Energy plc
Unaudited Consolidated Statement of Financial Position — Reclassification
Prepared in accordance with EU IFRS
As at December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (Before Reclassification) (Unaudited)	Reclassification (Unaudited)	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)
Equity			
Capital stock	—	3.1	3.1
Treasury stock	—	(0.1)	(0.1)
Additional paid-in capital	—	1,189.6	1,189.6
Translation adjustments	—	5.5	5.5
Fair value adjustment on cash flow hedging instruments	—	10.0	10.0
Retained earnings			
— Unappropriated	—	(512.4)	(512.4)
Total equity attributable to the equity holders of the parent company	—	**695.7**	**695.7**
Total Equity	**—**	**695.7**	**695.7**
Total Liabilities and Equity	**—**	**1,641.1**	**1,641.1**

Ophir Energy plc
Unaudited Consolidated Income Statement and Statement of Other Comprehensive Income — Reclassification
Prepared in accordance with EU IFRS
As at December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (Before Reclassification) (Unaudited)	Reclassification (Unaudited)	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)
Continuing Operations			
Sales and Other Operating Revenues			
Net oil and gas sales	—	298.2	298.2
Total Sales and Other Operating Revenues	—	**298.2**	**298.2**
Cost of Sales and Other Direct Costs			
Production and lifting cost	—	92.1	92.1
Cost of crude oil purchase	—	0.1	0.1
Depreciation, depletion and amortization	—	107.0	107.0
Exploration expenses	—	130.4	130.4
Total Cost of Sales and Other Direct Costs	—	**329.6**	**329.6**
Gross Profit (Loss)	**—**	**(31.4)**	**(31.4)**
Selling, general and administrative expenses	—	(10.9) (0.2)[1c]	(11.1)
Finance costs	—	(30.1)[1d]	(30.1)
Finance income	—	2.9[1d]	2.9
Bargain purchase	—	57.5	57.5
Reversal of (Loss on) impairment of assets	—	(13.5)	(13.5)
Share of net gain (loss) of associated entities — net	—	4.9	4.9
Impairment of investments accounted for using the equity method	—	(45.0)	(45.0)
Impairment of non-current assets held for sale	—	(613.7)	(613.7)
Other income	—	0.2	0.2
Other expenses	—	(40.8) 0.2[1c]	(40.5)
Profit (loss) before tax expense from continuing operations	**—**	**(719.8)**	**(719.8)**
Income tax benefit (expense)	—	(61.9)	(61.9)
Profit (loss) for the year from continuing operations	**—**	**(781.7)**	**(781.7)**
Profit (loss) for the year from discontinued operations	**—**	**—**	**—**
Profit (loss) for the year	**—**	**(781.7)**	**(781.7)**

Ophir Energy plc
Unaudited Consolidated Statement of Financial Position—As reclassified and Adjusted
Prepared in accordance with IFAS
As at December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)	IFAS Adjustments (Unaudited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)
Current Assets			
Cash and cash equivalents	289.9 [1a]	—	289.9
Restricted time deposits and cash in banks	33.5 [1a]	—	33.5
Trade receivables			
— Third parties	59.0	—	59.0
Inventories	33.5	—	33.5
Prepaid taxes	9.1	—	9.1
Derivative assets	10.0	—	10.0
Total Current Assets	**435.0**	—	**435.0**
Non-current Assets			
Other receivables			
— Third parties	15.4 [1b]	—	15.4
Long-term investments	76.1	—	76.1
Deferred tax assets	—	32.8 [2c]	32.8
Property, plant and equipment	1.4	—	1.4
Exploration and evaluation of assets	196.1	—	196.1
Oil and gas properties — net of accumulated depreciation and amortization	917.1	(41.3) [2b]	875.8
Total Non-current Assets	**1,206.1**	**(8.5)**	**1,197.6**
Total Assets	**1,641.1**	**(8.5)**	**1,632.6**
CURRENT LIABILITIES			
Trade payables			
— Related parties	99.0	—	99.0
Taxes payable	37.2	—	37.2
Accrued expenses and other provisions	33.6	—	33.6
Current maturities of long-term debt			
— Bank loans	103.2	—	103.2
Total Current Liabilities	**273.0**	—	**273.0**
Non-current Liabilities			
Long-term debt — net of current maturities			
— Bank loans	142.5	—	142.5
— US Dollar bonds	106.7	—	106.7
Other payables	14.7	—	14.7
Deferred tax liabilities	353.5	18.7 [2c]	372.2
Asset abandonment and site restoration obligations and other provisions	55.0 [1b]	—	55.0
Total Non-current Liabilities	**672.4**	**18.7**	**691.1**
Total Liabilities	**945.4**	**18.7**	**964.1**

Ophir Energy plc
Unaudited Consolidated Statement of Financial Position — As reclassified and Adjusted
Prepared in accordance with IFAS
As at December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)	IFAS Adjustments (Unaudited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)
Equity			
Capital stock	3.1	—	3.1
Treasury stock	(0.1)	—	(0.1)
Additional paid-in capital	1,189.6	—	1,189.6
Translation adjustments	5.5	—	5.5
Fair value adjustment on cash flow hedging instruments	10.0	(2.3) [2a]	7.7
Retained earnings			
— Unappropriated	(512.4)	2.3 [2a]	(537.3)
		(7.2) [2c]	
		(20.0) [2d]	
Total equity attributable to the equity holders of the parent company	**695.7**	**(27.2)**	**668.5**
Total Equity	**695.7**	**(27.2)**	**668.5**
Total Liabilities and Equity	**1,641.1**	**(8.5)**	**1,632.6**

Ophir Energy plc
Unaudited Consolidated Income Statement and Statement of Other Comprehensive Income — As reclassified and Adjusted
Prepared in accordance with IFAS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)	IFAS Adjustments (Unaudited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)
Continuing Operations			
Sales and Other Operating Revenues			
Net oil and gas sales	298.2	—	298.2
Total Sales and Other Operating Revenues	**298.2**	**—**	**298.2**
Cost of Sales and Other Direct Costs			
Production and lifting cost	92.1	—	92.1
Cost of crude oil purchase	0.1	—	0.1
Depreciation, depletion and amortization	107.0	41.3 [2b]	148.3
Exploration expenses	130.4	—	130.4
Total Cost of Sales and Other Direct Costs	**329.6**	**41.3**	**370.9**
Gross Profit (Loss)	**(31.4)**	**(41.3)**	**(72.7)**
Selling, general and administrative expenses	(11.1) [1c]	—	(11.1)
Finance costs	(30.1) [1d]	—	(30.1)
Finance income	2.9 [1d]	—	2.9
Bargain purchase	57.5	—	57.5
Reversal of (Loss on) impairment of assets	(13.5)	—	(13.5)
Share of net gain (loss) of associated entities — net	4.9	—	4.9
Impairment of investments accounted for using the equity method	(45.0)	—	(45.0)
Impairment of non-current assets held for sale	(613.7)	—	(613.7)
Other income	0.2	—	0.2
Other expenses	(40.5) [1c]	—	(40.5)
Profit (loss) before tax expense from continuing operations	**(719.8)**	**(41.3)**	**(761.1)**
Income tax benefit (expense)	(61.9)	21.3 [2c]	(40.6)
Profit (loss) for the year from continuing operations	**(781.7)**	**(20.0)**	**(801.7)**
Profit (loss) for the year from discontinued operations	**—**	**—**	**—**
Profit (loss) for the year	**(781.7)**	**(20.0)**	**(801.7)**
Other Comprehensive Income that will be reclassified to profit and loss			
Translation adjustment	—	—	—
Fair value adjustments on cashflow hedging instruments	13.6	—	13.6
Fair value adjustment from available for-sale investment	—	—	—
Share of OCI of associates	—	—	—

Ophir Energy plc
Unaudited Consolidated Income Statement and Statement of Other Comprehensive Income — As reclassified and Adjusted
Prepared in accordance with IFAS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)	IFAS Adjustments (Unaudited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)
Other Comprehensive Income that will note be will be reclassified to profit and loss			
Share of OCI of associates	—	—	—
Remeasurement of defined benefit program	—	—	—
Income tax related to account which is not being reclassified	—	—	—
Total Comprehensive Income For the Year	**(768.1)**	**(20.0)**	**(788.1)**
PROFIT (LOSS) ATTRIBUTABLE TO			
Equity holders of the parent company			
Profit (loss) for the year from continuing operations	(781.7)	(20.0)	(801.7)
Profit (loss) for the year from discontinued operation	—	—	—
Profit (loss) for the year attributable to owners of the parent company	**(781.7)**	**(20.0)**	**(801.7)**
Profit for the year from continuing operations attributable to non-controlling interests	**—**	**—**	**—**
	(781.7)	**(20.0)**	**(801.7)**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO			
Equity holders of the parent company			
Comprehensive income (loss) for the year from continuing operations	(768.1)	(20.0)	(788.1)
Comprehensive income (loss) for the year from discontinued operations	—	—	—
Comprehensive income (loss) for the year attributable to owners of the parent company	(768.1)	(20.0)	(788.1)
Total comprehensive income for the year from continuing operations attributable to non-controlling interests	—	—	—
	(768.1)	**(20.0)**	**(788.1)**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Financial Position
Prepared in accordance with IFAS
As of December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
Current Assets					
Cash and cash equivalents	418.1	289.9	708.0	644.0 [3a] (104.8) [3c] (253.2) [3b] (588.0) [3d]	406.0
Short-term investments	25.2	—	25.2	—	25.2
Restricted time deposits and cash in banks	208.1	33.5	241.6	—	241.6
Trade receivables	166.5	59.0	225.5	—	225.5
Other receivables					
— Related parties	1.5	—	1.5	—	1.5
— Third parties	81.5	—	81.5	—	81.5
Finance lease receivables — current maturities	14.7	—	14.7	—	14.7
Concession financial assets — current maturities	75.7	—	75.7	—	75.7
Inventories	62.3	33.5	95.8	—	95.8
Prepaid taxes	8.6	9.1	17.7	—	17.7
Prepaid expenses	9.0	—	9.0	—	9.0
Derivative assets	1.9	10.0	11.9	—	11.9
Non-current assets classified as held for sale	709.8	—	709.8	—	709.8
Other current assets	44.2	—	44.2	—	44.2
Total Current Assets	**1,827.1**	**435.0**	**2,262.1**	**(302.0)**	**1,960.1**
Non-current Assets					
Other receivables	131.9	15.4	147.3	—	147.3
Finance lease receivables — net of current maturities	233.9	—	233.9	—	233.9
Concession financial assets — net of current maturities	532.3	—	532.3	—	532.3
Restricted time deposits and cash in banks	1.4	—	1.4	—	1.4
Deferred tax assets	90.5	32.8	123.3	—	123.3
Long-term investments	953.7	76.1	1,029.8	—	1,029.8
Property, plant and equipment	43.2	1.4	44.6	—	44.6
Exploration and evaluation of assets	102.2	196.1	298.3	—	298.3
Oil and gas properties — net of accumulated depreciation and amortization	1,229.4	875.8	2,105.2	—	2,105.2
Goodwill	67.0	—	67.0	—	67.0
Derivative assets	4.6	—	4.6	—	4.6
Other assets	35.1	—	35.1	—	35.1
Total Non-current Assets	**3,425.3**	**1,197.6**	**4,622.9**	**—**	**4,622.9**
Total Assets	**5,252.4**	**1,632.6**	**6,885.0**	**(302.0)**	**6,583.0**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Financial Position—(Continued)
Prepared in accordance with IFAS
As of December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
Liabilities					
Current Liabilities					
Short-term bank loans	40.0	—	40.0	—	40.0
Trade payables					
— Related parties	20.8	99.0	119.8	—	119.8
— Third parties	98.3	—	98.3	—	98.3
Other payables					
— Related parties	12.4	—	12.4	—	12.4
— Third parties	102.0	—	102.0	—	102.0
Taxes payable	28.7	37.2	65.9	—	65.9
Accrued expenses and other provisions	149.1	33.6	182.7	—	182.7
Employee benefits liabilities — current portion	1.2	—	1.2	—	1.2
Derivative liabilities	11.2	—	11.2	—	11.2
Liabilities directly associated with the non-current assets classified as held for sale	187.9	—	187.9	—	187.9
Current maturities of long-term debt					
— Bank loans	230.5	103.2	333.7	(103.2) [3b]	230.5
— Loan from non-bank financial institution	0.1	—	0.1	—	0.1
— Rupiah bonds	77.4	—	77.4	—	77.4
— Medium term notes	54.5	—	54.5	—	54.5
Advances from customers	88.0	—	88.0	—	88.0
Total Current Liabilities	**1,102.0**	**273.0**	**1,375.0**	**(103.2)**	**1,271.8**
Non-current Liabilities					
Long-term debt — net of current maturities					
— Bank loans	1,012.3	142.5	1,154.8	(142.5) [3b]	1,012.3
— Loan from non-bank financial institutions	10.9	—	10.9	—	10.9
— Rupiah bonds	447.6	—	447.6	—	447.6
— US Dollar bonds	867.8	106.7	974.5	644.0 [3a] (106.7) [3c]	1,511.8
— Medium term notes	66.5	—	66.5	—	66.5
Advance from a customer	7.5	—	7.5	—	7.5
Other payables	17.7	14.7	32.4	—	32.4
Deferred tax liabilities	188.5	372.2	560.7	—	560.7
Long-term employee benefits liabilities	19.8	—	19.8	—	19.8
Derivative liabilities	36.0	—	36.0	—	36.0
Asset abandonment and site restoration obligations and other provisions	88.6	55.0	143.6	—	143.6
Total Non-current Liabilities	**2,763.2**	**691.1**	**3,454.3**	**394.8**	**3,849.1**
Total Liabilities	**3,865.1**	**964.1**	**4,829.2**	**291.6**	**5,120.8**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Financial Position—(Continued)
Prepared in accordance with IFAS
As of December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
Equity					
Capital stock	109.4	3.1	112.5	(3.1) [3d]	109.4
Treasury stock	(0.4)	(0.1)	(0.5)	0.1 [3d]	(0.4)
Additional paid-in capital	372.1	1,189.6	1,561.7	(1,189.6) [3d]	372.1
Effects of changes in equity transactions of subsidiaries/ associates	0.1	—	0.1	—	0.1
Translation adjustments	(4.5)	5.5	1.0	(5.5) [3d]	(4.5)
Fair value adjustment on cash flow hedging instruments	7.2	7.7	14.9	(7.7) [3d]	7.2
Fair value adjustment on available-for-sale investment	1.0	—	1.0	—	1.0
Share of other comprehensive income (loss) of associates and joint venture	(2.7)	—	(2.7)	—	(2.7)
Remeasurement of defined benefit program	29.8	—	29.8	—	29.8
Retained earnings					
— Appropriated	6.5	—	6.5	—	6.5
— Unappropriated	700.6	(537.3)	163.3	(537.3) [3d]	775.5
				74.9 [3b,3c,3d]	
Total equity attributable to the equity holders of the parent company	**1,219.2**	**668.5**	**1,887.7**	**(593.6)**	**1,294.1**
Non-controlling Interests	**168.1**	**—**	**168.1**	**—**	**168.1**
Total Equity	**1,387.3**	**668.5**	**2,055.8**	**(593.6)**	**1,462.2**
Total Liabilities and Equity	**5,252.4**	**1,632.6**	**6,885.0**	**(302.0)**	**6,583.0**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income
Prepared in accordance with IFAS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
Continuing Operations					
Sales and Other Operating Revenues					
Net oil and gas sales	980.2	298.2	1,278.4	—	1,278.4
Power sales	235.9	—	235.9	—	235.9
Revenues from other contracts and related services	2.2	—	2.2	—	2.2
Total Sales and Other Operating Revenues	**1,218.3**	**298.2**	**1,516.5**	**—**	**1,516.5**
Cost of Sales and Other Direct Costs					
Production and lifting cost	203.3	92.1	295.4	—	295.4
Cost of power	134.3	—	134.3	—	134.3
Cost of crude oil purchase	125.4	0.1	125.5	—	125.5
Depreciation, depletion and amortization	108.8	148.3	257.1	—	257.1
Exploration expenses	8.6	130.4	139.0	—	139.0
Cost of other contracts and related services	5.7	—	5.7	—	5.7
Total Cost of Sales and Other Direct Costs	**586.1**	**370.9**	**957.0**	**—**	**957.0**
Gross Profit (Loss)	**632.2**	**(72.7)**	**559.5**	**—**	**559.5**
Selling, general and administrative expenses	(160.7)	(11.1)	(171.8)	—	(171.8)
Finance costs	(189.0)	(30.1)	(219.1)	(5.6) [3b, 3c]	(224.7)
Finance income	12.7	2.9	15.6	—	15.6
Bargain purchase	—	57.5	57.5	—	57.5
Reversal of (Loss on) impairment of assets	(2.2)	(13.5)	(15.7)	—	(15.7)
Loss on dilution of investment	(19.1)	—	(19.1)	—	(19.1)
Share of net gain (loss) of associated entities—net	(66.7)	4.9	(61.8)	—	(61.8)
Impairment of investments accounted for using the equity method	—	(45.0)	(45.0)	—	(45.0)
Impairment of non-current assets held for sale	—	(613.7)	(613.7)	—	(613.7)
Other income	10.1	0.2	10.3	—	10.3
Other expenses	(18.6)	(40.5)	(59.1)	—	(59.1)
Profit (loss) before tax expense from continuing operations	**198.8**	**(761.1)**	**(562.3)**	**(5.6)**	**(567.9)**
Income tax benefit (expense)	(196.5)	(40.6)	(237.1)	—	(237.1)
Profit (loss) for the year from continuing operations	**2.4**	**(801.7)**	**(799.3)**	**(5.6)**	**(804.9)**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income—(Continued)
Prepared in accordance with IFAS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
Profit (loss) for the year from discontinued operations	**(30.7)**	**—**	**(30.7)**	**—**	**(30.7)**
Profit (loss) for the year	**(28.4)**	**(801.7)**	**(830.1)**	**(5.6)**	**(835.7)**
Other Comprehensive Income that will be will be reclassified to profit and loss					
Translation adjustment	(5.6)	—	(5.6)	—	(5.6)
Fair value adjustments on cashflow hedging instruments	(7.1)	13.6	6.5	—	6.5
Fair value adjustment from available for-sale investment	0.4	—	0.4	—	0.4
Share of OCI of associates	11.7	—	11.7	—	11.7
Other Comprehensive Income that will note be will be reclassified to profit and loss					
Remeasurement of defined benefit program	10.4	—	10.4	—	10.4
Income tax related to account which is not being reclassified to profit or loss	(0.9)	—	(0.9)	—	(0.9)
Total Comprehensive Income For The Year	**(19.6)**	**(788.1)**	**(807.7)**	**(5.6)**	**(813.3)**
PROFIT (LOSS) ATTRIBUTABLE TO					
Equity holders of the parent company					
Profit (loss) for the year from continuing operations	(20.6)	(801.7)	(822.3)	(5.6)	(827.9)
Profit (loss) for the year from discontinued operation	(30.7)	—	(30.7)	—	(30.7)
Profit (loss) for the year attributable to owners of the parent company	**(51.3)**	**(801.7)**	**(853.0)**	**(5.6)**	**(858.6)**
Profit for the year from continuing operations attributable to non-controlling interests	**22.9**	**—**	**22.9**	**—**	**22.9**
	(28.4)	**(801.7)**	**(830.1)**	**(5.6)**	**(835.7)**

PT Medco Energi Internasional Tbk.
Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income—(Continued)
Prepared in accordance with IFAS
For the year ended December 31, 2018
(Expressed in Millions of United States Dollars, Unless Otherwise Stated)

	Company Historical Consolidated Balances (IFAS) (Audited)	Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined Company and Ophir Group Balances (IFAS) (Unaudited)	Pro Forma Adjustments (Unaudited)	Company and Ophir Group Consolidated Pro Forma Balances (Unaudited)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO					
Equity holders of the parent company					
Comprehensive income (loss) for the year from continuing operations	(14.1)	(788.1)	(802.2)	(5.6)	(807.8)
Comprehensive income (loss) for the year from discontinued operations	(30.7)	—	(30.7)	—	(30.7)
Comprehensive income (loss) for the year attributable to owners of the parent company	**(44.9)**	**(788.1)**	**(833.0)**	**(5.6)**	**(838.6)**
Total comprehensive income for the year from continuing operations attributable to non-controlling interests	**25.3**	**—**	**25.3**	**—**	**25.3**
	(19.6)	**(788.1)**	**(807.7)**	**(5.6)**	**(813.3)**

Notes to the Unaudited Pro Forma Combined Consolidated Financial Information

Footnotes relating to the columns "Ophir Group Historical Consolidated Balances (EU IFRS) (After Reclassification) (Unaudited)" and "IFAS Adjustments (Unaudited)" referring to the key assumptions and estimates used by Medco Energi in the preparation of these adjustments on the Ophir Groups' historical consolidated EU IFRS balances

1. **Ophir Group Historical Consolidated Balances (After Reclassification)** *(amounts in millions of United States Dollars, unless otherwise stated)*

   In general, the reclassified historical consolidated balances column is to re-present the Ophir Group's consolidated statement of financial position accounts and Ophir Group's consolidated statement of income statement and other comprehensive income accounts as reflected in the 2018 EU IFRS Audited Financial Statements of the Ophir Group to the accounts naming convention and accounts presentation of the Company.

   In addition to the above general reclassification, certain accounts below have been identified to have different grouping or different accounts mapping, therefore, there are certain amounts that have been reclassified on these accounts to conform to the specific accounts grouping or accounts mapping of the Company. These amounts have been already incorporated in the "Ophir Group Historical Consolidated Balances (After Reclassification)" column.

   a. **Reclassification adjustment — Cash and cash equivalents**

      Medco Energi reclassified US$33.5 representing restricted bank guarantee from the cash and cash equivalents balance of Ophir Group to "Restricted time deposits and cash in banks" account.

   b. **Reclassification adjustment — Other receivables — Non Current**

      Medco Energi reclassified US$75.7 representing the amounts held in Escrow in joint operations' bank accounts for decommissioning activities, from "Other long-term receivables" balance of Ophir Group to "Asset abandonment and site restoration obligations and other provisions" account. Since the historical balance of the "Asset and abandonment and site restoration obligations and other provisions" amounted to US$130.7, the reclassification of the US$75.7 escrow fund resulted ending balance with net amount of US$55.0.

   c. **Reclassification adjustment — Other operating expenses**

      Medco Energi reclassified US$0.2 representing depreciation of other property, plant, and equipment from "Other operating expenses" balance of Ophir Group to "Selling, general, & administrative expenses" account.

   d. **Reclassification adjustment — Net finance expense**

      Medco Energi reclassified US$27.2 representing the "Net finance expense" balance of Ophir Group to the following accounts: (i) "Finance costs" account amounting to US$30.1, and (ii) to "Finance income" account amounting to US$2.9.

2. **Indonesian Financial Accounting Standards (IFAS) Adjustments** *(amounts in millions of United States Dollars, unless otherwise stated)*

   The IFAS adjustments refer to (i) the adjustments of the Ophir's EU IFRS balances as of December 31, 2018 and for the year then ended as reflected in the 2018 EU IFRS Audited Financial Statements of the Ophir Group to convert to IFAS; and (ii) the adjustments to conform to the significant accounting policies and IFAS balances of the Company.

a. IFAS adjustments — IFRS 9, "Financial Instruments"

Medco Energi noted that Ophir adopted IFRS 9, "Financial Instruments" effective January 1, 2018 as reflected in the 2018 EU IFRS Audited Financial Statements of the Ophir Group, while the equivalent accounting standard under IFAS (i.e. PSAK 71) will only become effective on January 1, 2020 and accordingly, has not been reflected in the 2018 IFAS Unaudited Financial Statements of the Ophir Group. For the year ended December 31, 2018, Medco Energi is currently implementing PSAK 55, "Financial Instruments: Recognition and Measurement" (equivalent to International Accounting Standards 39).

Based on Ophir's disclosures in the notes to the 2018 EU IFRS Audited Financial Statements of the Ophir Group, the effects of the IFRS 9 adoption resulted in an adjustment to its 2018 opening balances which decreased the beginning balance of "Retained Earnings" and increased the beginning balance of "Cash flow hedges reserve" (part of equity) by US$2.3, respectively, relating to relevant hedging instruments as of January 1, 2018. As Medco Energi has not adopted yet IFRS 9/PSAK 71, Medco Energi reversed the above-mentioned adjustment when converting the 2018 EU IFRS Audited Financial Statements of the Ophir Group to the 2018 IFAS Unaudited Financial Statements of the Ophir Group.

Since the Company believes that the current year (i.e. 2018) effect of converting the 2018 EU IFRS Audited Financial Statements of the Ophir Group to the 2018 IFAS Unaudited Financial Statements of the Ophir Group pertaining to financial instruments (as a result of implementing IFRS 9 in the 2018 EU IFRS Audited Financial Statements of the Ophir Group effective since January 1, 2018, while the equivalent accounting standard under IFAS has not been effective and implemented/reflected in the 2018 IFAS Unaudited Financial Statements of the Ophir Group) is deemed immaterial to the historical amounts of the combined consolidated financial information of the Company and the Ophir Group as of December 31, 2018 and for the year then ended prepared in accordance with IFAS and presented in United States Dollars included in the Unaudited Pro Forma Combined Consolidated Financial Information, such effect is not factored into the preparation of the Unaudited Pro Forma Combined Consolidated Financial Information.

b. IFAS adjustments — Oil and gas properties

Medco Energi noted a difference in the method of calculation of depreciation/depletion of oil and gas properties and related decommissioning assets. Due to the difference in the reserves base used by Ophir in calculating depreciation/depletion expense, Medco Energi recalculated the Ophir's depreciation/depletion expense as follows:

- Wells, facilities and decommissioning assets: Beginning balance of Net Book Value (NBV) plus future costs multiplied by the production volume divided by the beginning balance of proved (P1) reserves.
- Excess cost over book value allocated to oil and gas assets from Santos acquisition: Beginning balance of Net Book Value (NBV) multiplied by the production volume divided by certain portions of the proved and probable reserves (P2) beginning balance.

The effect of the recalculation to conform with Medco Energi's depreciation/depletion method resulted to additional depreciation/depletion expense amounting to US$41.3.

c. IFAS adjustments — Deferred Tax Assets, Deferred Tax Liabilities, and Deferred Tax Income/Expenses

Medco Energi adjusted the deferred tax assets and deferred tax liabilities calculated by Ophir to incorporate temporary difference effects of the following items:

- Deferred tax asset in respect of temporary difference on Ophir's decommissioning liabilities, net of escrow accounts and the deferred tax liability in respect of the temporary differences from

Ophir's decommissioning assets. As a result, the adjustment to set-up the beginning balance of the deferred tax assets/liabilities resulted to debit adjustment in the beginning balance of retained earnings with net amount of US$7.2.

The deferred income tax adjustment pertain to temporary differences arising from the difference in depreciation/depletion expense calculation as stated in Note 2b, and unwinding of the discount effect (accretion expense) from their decommissioning liabilities.

The effects of the recalculation to adjust the deferred tax to conform with the Company's accounting policy are presented below:

(US$ in millions)	**Total**
Deferred tax assets — net	32.8
Deferred tax liabilities — net	18.7
Deferred tax income — net	21.3

Note: The amounts in the table are presented at net amounts on per entity basis — the deferred tax asset and related deferred tax income are deducted with the respective deferred tax liability and deferred tax expense per respective entity.

d. IFAS Adjustments — impact to profit (loss) for the year

This amount represents the net impact of the IFAS adjustments.

Footnotes relating to the column "Pro forma adjustments" referring to the key assumptions and estimates used by Medco Energi in the preparation of the pro forma adjustments

Basis of Planned Transactions *(Expressed in millions of United States Dollars, unless otherwise stated)*

Medco Energi, through its wholly-owned subsidiary, MEG, proposes to acquire 100% of the issued and outstanding shares of Ophir for total cash consideration of approximately US$588.0 (including related transaction costs of US$46.8), wherein such amount was based on the "Increased Recommended Final Cash Offer for Ophir Energy plc" by MEG, after converting from GBP to US$ using the applicable forward rate and average spot exchange rate.

Medco Energi will finance this Acquisition from the net proceeds of the offering.

Related to the Acquisition, and its would-be impact on the change of control on Ophir, the following financing transactions are also considered in the pro forma adjustments.

Ophir has existing debt on reserves based lending facility ("RBLF") amounting to US$251.4 (including US$5.7 of unamortized cost and fair value adjustment at initial recognition) which is subject to an interest rate between 4% and 4.5% plus LIBOR depending on the maturity of the RBLF, whereby, one of the covenants of the RBLF is that all outstanding amounts will be immediately due and payable if there is a change of control in Ophir as the Original Borrower. The Acquisition will trigger a change of control in Ophir as the Original Borrower of the RBLF, so the outstanding amounts of the RBLF will be immediately due and payable and Ophir will use its available cash and cash equivalents to pay the outstanding debt on the RBLF amounting to US$253.2 (current portion of US$103.2; non-Current portion of US$142.5; unamortized cost of US$7.5). Medco Energi believes that the settlement of the RBLF will occur after Medco Energi's acquisition is effective and Medco Energi has gained control of Ophir.

Ophir has outstanding 2013 bonds payable amounting to US$104.8 (US$106.7 less fair value adjustment at initial recognition of US$1.9). The 2013 bonds payable of Ophir include a provision that the bondholders will have a right of prepayment of its bonds upon occurrence of a change of control. Medco Energi plans to use its internally available cash and cash equivalents to top up Ophir's own cash and cash equivalents and

settle in full Ophir's outstanding 2013 bonds payable. Medco Energi believes that the settlement of the 2013 bonds payable will happen after Medco Energi's acquisition is effective and Medco Energi has gained control of Ophir.

The unaudited pro forma combined consolidated financial statement of profit or loss and other comprehensive income for the year ended December 31, 2018 gives effect to the Acquisition as if it had occurred on January 1, 2018. The unaudited pro forma combined consolidated statement of financial position as of December 31, 2018 gives effect to the Acquisition as if the Acquisition occurred on December 31, 2018.

The key assumptions and estimates underlying the "Pro forma adjustments" column to the unaudited pro forma consolidated financial information are described in the below footnotes, which should be read together with the unaudited pro forma combined consolidated financial information.

3. Pro Forma Adjustments (amounts in millions of United States Dollars, unless otherwise stated)

The pro forma adjustments are based on Medco Energi's preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma consolidated financial information.

a. Pro Forma adjustments — Cash Proceeds from US Dollar Bonds issuance

This represents the assumed net proceeds from the Notes issuance in the amount of US$644.0, after deducting US$6.0 estimated transaction costs. These amounts may differ from the actual net proceeds from US Dollar bonds as presented in the Offering Circular.

b. Pro Forma adjustments — Payment of Outstanding Amounts on the RBLF

This represents payment of Ophir's outstanding amounts on the RBLF amounting to US$253.2 (current portion of US$103.2; Non-Current portion of US$142.5; unamortized cost of US$7.5). Refer to Basis of Planned Transactions above for more details.

c. Pro Forma adjustments — Payment of Outstanding 2013 Bonds Payable

This represents the payment of Ophir's outstanding 2013 bonds payable amounting to US$104.8 (US$106.7 less fair value adjustment at initial recognition of US$1.9). Refer to Basis of Planned Transactions above for more details.

d. Pro Forma adjustments — Preliminary Purchase Price Allocation

The following table summarizes the allocation of the preliminary purchase price:

Ophir Energy plc consolidated total assets	1,632.6
Ophir Energy plc consolidated total liabilities	(964.1)
Total identifiable net assets	668.5
Bargain purchase	(127.3)
Total purchase price estimation	**541.2**
Estimated transaction costs related to acquisition	46.8
Total acquisition costs estimation	**588.0**

Because all information required to perform a detailed assessment of Ophir's identifiable assets and liabilities are not yet publicly available and the detailed assessment cannot be completed at this time,

for purposes of these unaudited pro forma consolidated financial information, Medco Energi used as basis the consolidated historical amounts of Ophir based on Ophir's historical consolidated financial statements. The amounts in the above table are derived as follows:

(i) The Ophir consolidated total assets is taken from "Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)" which incorporated the "IFAS Adjustments (Unaudited)"

(ii) The Ophir consolidated total liabilities is taken from "Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)" which incorporated the "IFAS Adjustments (Unaudited)"

(iii) Total purchase price estimation is derived from "Increased Recommended Final Cash Offer for Ophir" by MEG.

The Ophir Group's consolidated total assets and liabilities amounts above are the preliminary "provisional value" of Ophir's identifiable assets and liabilities assumed upon acquisition by Medco Energi. These preliminary estimates of the provisional value will likely differ from the final amounts the Company will calculate after completing a detailed valuation analysis and the difference could have a material effect on the unaudited pro forma combined consolidated financial information. The final purchase price allocation will be determined when Medco Energi has completed the detailed valuations and necessary calculations and all information needed to perform detailed assessment are available to Medco Energi.

Further, Medco Energi has eliminated all of Ophir's equity accounts which are derived from "Ophir Group Historical Consolidated Balances (IFAS) (Unaudited)" with Medco Energi's investment cost to acquire 100% ownership in Ophir.

e. Other pro forma assumptions

The Company has not taken into account the effects to the unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income of the following:

a. Effect on the income tax expenses of the above pro forma adjustments assuming the proposed transaction had occurred since January 1, 2018.

b. Effect on interest expenses from the issuance of the Company's US Dollar bonds (Notes issued hereby) and the settlement of Ophir's RBL facility and 2013 bonds payable assuming the transaction had occurred since January 1, 2018.

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

The discussion below should be read together with our consolidated financial statements and the selected consolidated financial, production and reserve data, in each case together with the accompanying notes, contained elsewhere in this Offering Circular. Our consolidated financial statements have been prepared in accordance with Indonesian FAS, which differs in certain material respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian FAS and U.S. GAAP" and "Risk Factors — Risks Relating to the Company — Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions." We have selected the U.S. dollar as our functional currency.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Forward-Looking Statements," "Risk Factors," and elsewhere in this Offering Circular.

Overview

We are an integrated energy and natural resources company operating through our core oil and gas exploration and production business, power generation business and significant investments in mining. We are the largest independent publicly listed oil and gas exploration and production company in Indonesia based on market capitalization. In addition, based on a peer analysis conducted by Wood Mackenzie, we are the largest upstream oil and gas exploration and production company among our Peer Group as of and for the year ended December 31, 2017 based on proved and probable reserves and production in Asia (our Peer Group refers to the group of peers identified by Wood Mackenzie, consisting of independent exploration and production companies with a noteworthy proved and probable reserves and production footprint in South and South East Asia). These consist of PT Saka Energi Indonesia, PT Energi Mega Persada Tbk., Ophir (which we are acquiring pursuant to the Acquisition described herein), Premier Oil plc and KrisEnergy Ltd. We primarily focus on our activities in Indonesia, and also have oil and gas operations in the Middle East and North Africa.

The Ophir Acquisition

On January 30, 2019, the Parent Guarantor and the boards of directors of our wholly owned subsidiary, MEG, and Ophir, reached an agreement on the terms of a recommended cash offer made by MEG, to acquire the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). On March 20, 2019, the Parent Guarantor and the boards of directors of MEG and Ophir announced that we had reached agreement on the terms of an increased recommended all cash offer by MEG. Ophir is an independent upstream oil and gas exploration and production company, with a diversified portfolio of producing, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 and has been listed on the London Stock Exchange since 2011. In September 2018, Ophir completed the purchase of the Santos Producing Assets in Southeast Asia. Ophir has a production and development business with net proved and probable reserves of 70.1 MMBOE as of December 31, 2018 and with average daily production for 2018 of 29.7 MBOE/d (on a pro forma basis including production for the full year 2018 from the Santos Assets).

The consideration payable in connection with the Acquisition values the entire issued and to-be-issued share capital of Ophir at approximately £408.4 million (US$539.2 million), with a cash offer price of 57.5 pence per share. The Acquisition is being implemented by way of a court-sanctioned Scheme of Arrangement. Approval of the Scheme of Arrangement by a majority in number representing 75% of relevant Ophir shareholders present and voting (either in person or by proxy), was obtained on March 25, 2019. We expect the Scheme of Arrangement to become effective during the first half of 2019.

We believe that a combination between our business and Ophir creates a leading independent exploration and production player in Southeast Asia with significant scale and cash flows. According to a peer analysis conducted by Wood Mackenzie, assuming the combination of our business and Ophir as of December 31, 2018, we (together with the reserves and production of Ophir) would have had the highest level of estimated commercial and technical reserves in Southeast Asia and North Asia among a selected peer group, consisting of independent exploration and production companies with similar reserves in North and Southeast Asia, including Hess, Eni, Repsol, Total and Murphy. We believe the combined business will have greater reserves, contingent resources and production, a wider geographic footprint for future opportunities and a more balanced regional portfolio of producing and development assets. We also believe that there is significant potential to improve operational efficiencies given our onshore and offshore operations and experience in managing mature assets.

Assuming the combination of our production and reserves with those of the Ophir Group, on a pro forma basis for 2018 (including production for the full year 2018 from the Santos Producing Assets), combined production for 2018 would have been 108 MBOE/d, net proved and probable reserves of approximately 366 MMBOE and proved and probable contingent resources of 1,013 MMBOE.

Overview of Our Current Business

We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing. We also have interests in oil and gas properties in four countries outside of Indonesia, namely Tunisia, Yemen, Libya and Oman. In Indonesia, our blocks are held under production sharing arrangements with SKK MIGAS, Indonesia's national upstream oil and gas regulator. Under these production sharing arrangements, we are entitled to recover our costs and earn an agreed after-tax share of the production once the block is declared commercially exploitable by SKK MIGAS.

We plan to continue to strengthen our producing assets portfolio by the phased development and monetization of our existing portfolio of discovered gas assets. We aim to bring our projects on-stream on time and within budget, particularly our Block A, Aceh block, which is our most advanced development in Indonesia. First gas production and gas deliveries under the Block A, Aceh take-or-pay backed, fixed-price domestic contract commenced in 2018. We are currently focusing on Senoro-Toili Phase II where the investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Our operations at Senoro-Toili Phase I are fully contracted under off-take agreements both for the upstream and downstream sectors. Concurrently we plan to continue with the development of the Ophir Group's projects under development, including Bualuang phase IV in Thailand and Meliwis in Indonesia. Going forward, we expect that a larger percentage of our production (excluding the assets acquired in the Acquisition) will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC, are in mature stages of production.

In addition to our core oil and gas business, we operate in power generation and have a significant investment in mining. Through MPI, we operate in the power generation sector in Indonesia. MPI is an IPP and O&M provider. In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% of the shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. MPI promotes a green energy platform and has interests in gas-fired power plants, geothermal energy and hydro-electricity. Established in 2004, MPI owns and operates 10 power plant assets with a total gross capacity of over 645 MW comprising of 297 MW of gas-fired power plants located in Batam and Sumatra island, the 330 MW Sarulla geothermal power plant in North Sumatra and 18 MW of mini hydro power plants in West Java. MPI is currently developing a 275 MW gas-fired power plant in Riau province and a 110 MW geothermal power plant in Ijen, East Java. MPI also operates a power plant with a total capacity of 2,174 MW including 1,320 MW through a long-term O&M contract for the Tanjung Jati B power plant in Jepara, Central Java. MPI through its subsidiaries was also appointed as operator for the 330 MW Sarulla geothermal power plant and TM2500 truck-mounted, gas-fired power plants aggregating 500 MW across eight locations throughout Indonesia and conducted full life inspection

on 24 MW gas-fired power Tanjung Batu Mahakam sector. In late 2018, PT Mitra Energi Batam ("MEB"), together with EPC partners Barata Indonesia and Dalle Engineering Construction, signed a contract with PLN for a 40 MW gas-fired power plant in Luwuk for providing O&M services for five years starting in September 2019. Going forward, MPI plans to continue to grow in the clean energy sector as an IPP (natural gas, geothermal and other renewables-based energy), as well as grow its O&M business.

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we made our investment in November 2016 together with a joint venture partner, API. AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession covers an area of 25,000 hectares, which includes the Elang copper and gold resource and several exploration prospects including Lampui, Rinti, Batu Balong, Nangka and Teluk Puna.

For the years ended December 31, 2016, 2017 and 2018, our total sales and other operating revenues were US$561.9 million, US$905.1 million and US$1,218.3 million, respectively, and EBITDA was US$262.7 million, US$429.3 million and US$582.0 million, respectively.

Recent Developments

On January 30, 2019, we and the board of directors of Ophir reached an agreement on the terms of a recommended cash offer made by our wholly owned subsidiary, MEG, to acquire the entire issued and to-be-issued share capital of Ophir. Ophir is an independent upstream oil and gas exploration and production company, with a diversified portfolio of producing, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. See "— Significant Factors Affecting Results of Operations — Acquisitions and Divestments — Ophir" and "The Ophir Acquisition."

We expect that Ophir and its Subsidiaries will become Restricted Subsidiaries and certain of its subsidiaries will become Subsidiary Guarantors (as defined in "Description of the Notes").

Significant Factors Affecting Results of Operations

Oil and Gas Prices

Our net sales, profitability and asset values and financial condition have been and will continue to be significantly affected by movements in oil and gas prices. We believe that the Ophir Group's split of oil and gas production is similar to our own and that the Ophir Group's results are similarly impacted by oil and gas prices as described below.

Oil Prices

The international market for crude oil is volatile, and has recently been characterized by significant price fluctuations including significant decreases in the second half of 2014 and in 2015. The monthly average price of Brent crude oil decreased from a high of US$111.9 as of June 2014 to US$62.8 as of December 2014, and then to US$38.8 as of December 2015, to US$54.9 as of December 2016 and to US$57.3 as of December 31, 2018.

Oil prices fluctuate due to a number of factors, which include, among others, demand for crude oil, global events and circumstances, political developments and instability in petroleum producing regions, such as the Middle East; the ability of OPEC and other petroleum-producing nations to set and maintain production levels and therefore influence market prices; market prices and supply levels of substitute energy sources, such as natural gas and coal; domestic and foreign government regulations with respect to oil and energy industries in general; the level and scope of activity of oil speculators; weather conditions and seasonality; and overall domestic and regional economic conditions. Our average realized sales prices for oil for the years ended December 31, 2016, 2017 and 2018 were US$42.3 per BBL, US$51.5 per BBL and US$67.8 per BBL,

respectively, reflecting the continued decline in crude oil prices globally in 2016 and an increase in crude oil prices globally in 2017 and 2018. The changes in oil prices have significantly impacted our net oil and gas sales, which increased from US$554.9 million in 2016 to US$834.6 million in 2017, and then increased in 2018 to US$980.2 million. The increase in 2018 was primarily due to higher global oil prices. In addition, fluctuations in oil prices have impacted and may continue to impact our results of operations and asset values.

We sell most of our net crude oil production through short to medium term off-take contracts which we grant under a competitive tender process. In line with the Government regulations, we sell our oil at prices based on ICP. The ICP price is determined by the Government, and was the monthly average of the mean of two publications of independent oil traders and marketers in the Asia Pacific region published by Platts and RIM in the following proportions: 50% Platts and 50% RIM until June 2016. Starting in July 2016, the basis of ICP was changed to Dated Brent price plus Alpha and in 2018 was further revised to Dated Brent plus/minus Alpha. The ICP is published every month. The sales contracts that we enter into are based on the ICP, with certain pre-agreed premiums depending on the quality of the crude oil and provide for the sale of substantially all of our net crude oil production from a given producing block. Increases in ICP therefore increase our net oil sales and have a favorable impact on our results of operations. The cost-recovery portion of net crude entitlement is also calculated based upon ICP prices. Our profitability is significantly affected by the prices of, and demand for, crude oil, and the difference between the prices received for the oil we produce and the costs of exploring for, developing, producing, transporting and selling oil.

The terms of our production sharing contracts at oil-producing blocks require us to effect DMO sales at 10% to 25% of the market price. As a result, we are unable to sell our entire net oil production at the full international market price and consequently our average realized sales price may be lower than the applicable ICP. These prices are also subject to fluctuations which may have a material adverse effect on our revenues and net income and on our business, financial condition and results of operations.

Gas Prices

We typically enter into GSAs which set the total contracted quantity ("TCQ"), daily contracted quantity ("DCQ") and gas price. While TCQ and DCQ vary between buyers, gas prices under our domestic gas GSAs are fixed in US$/MMBTU with an application of a relatively small escalation factor (typically 2.5% to 3.0% per annum). Therefore, our revenue from natural gas sales is not subject to as much price volatility as our oil revenues. Some of our export contracts contain pricing linked ultimately to oil prices, such as the Senoro GSA and approximately half of our production under the South Natuna Sea Block B GSA. In particular, as of December 31, 2018, gross working interest volumes from all of our 825 BCF of proved and probable gas reserves were commercially committed for sale through long-term contracts, with sales through such contracts representing 30% and 50% of our net oil and gas sales in each of 2017 and 2018, respectively. Of this, for 2018, gas revenue of approximately 45% was sold through fixed price gas contracts with the remaining gas revenue sold under oil-linked prices. In addition, most of our GSAs, including both fixed-domestic and oil-linked-export GSAs, have take-or-pay protections, pursuant to which, if a buyer is unable to absorb the agreed supply during a period (typically over twelve months) then the buyer will have to pay a portion (usually in the range of 80% to 90%) of the total contracted supply for the period. The revenue contribution from GSAs has increased in recent years, and we expect will continue to increase as a percentage of our revenue in 2019, especially with the first gas being sold under our fixed-price GSA for the Block A, Aceh gas development having commenced in 2018. Our average realized sales prices for gas per MMBTU for the years ended December 31, 2016, 2017 and 2018 were US$4.4, US$5.5 and US$6.4, respectively, reflecting production from Senoro, which has a GSA with prices linked to movements in oil prices. For a summary description of our gas sales arrangements, see "Business — Sales and Distribution — Natural Gas."

Acquisitions and Divestments

Our results of operations and business are significantly affected by acquisitions and divestments.

Ophir

We expect that the Acquisition will significantly impact our results. For example, Ophir has a production and development business with net proved and probable reserves of 70.1 MMBOE as of December 31, 2018 (including the Santos Producing Assets) and with average daily production for 2018 of 29.7 MBOE/d (on a pro forma basis including production for the full year 2018 from the Santos Producing Assets) which we expect to increase our production. The larger asset base is also expected to contribute to higher depreciation expenses and costs related to production activities. We expect that Ophir and its Subsidiaries will become Restricted Subsidiaries and certain of its subsidiaries to become Subsidiary Guarantors (as defined in "Description of the Notes"). We also plan to repay debt of the Ophir Group amounting to approximately US$356 million (as of December 31, 2018) using our and Ophir's cash and cash equivalents. We will also be incurring additional debt in connection with the Acquisition, including the proceeds of the Notes, which will increase our overall indebtedness. See "Recent Developments."

AMNT

In November 2016, we entered into the copper and gold mining sector through our acquisition of our joint venture interest in AMNT, the operator of the Batu Hijau copper and gold mine as well as various discovered resources, several exploration prospects and the supporting infrastructure in the same area. This transaction has affected and we expect will continue to affect our results in a number of respects. For example, primarily as a result of the consummation of this transaction, we recorded a bargain purchase gain of US$467.2 million in 2016, reflecting that the purchase price we paid for our share in the joint venture was less than the assessment of the fair value of our share of its assets based on a valuation report from an independent third-party valuer registered with the OJK. In addition, this acquisition affected our balance sheet as our cash balances decreased significantly from the beginning of 2016 to the end of 2016 and our long-term investments increased, primarily due to this acquisition. As part of the transaction, we made a shareholder loan of US$246 million to the joint venture for its acquisition of AMNT and also guaranteed certain indebtedness which was incurred in connection with such acquisition. Such guarantee has been discharged in full. See "Related Party Transactions." Through this investment, we now operate in the copper and gold mining industry, and expect our share of the results of our joint venture will be significantly affected by AMNT's operating performance in the future. See "Business — Copper and Gold Mining."

MPI

In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing a 77.68% equity interest in PT Saratoga Power (which has since been renamed PT Medco Power Internasional), which holds a 51% equity interest in MPI, from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. for a total consideration of US$129.2 million. Approximately US$85.0 million of the purchase price was financed through a bank loan provided by PT Bank Mandiri (Persero) Tbk and the remainder was financed with cash on hand. Prior to October 3, 2017, we accounted for the results of MPI using the equity method. As a result of our increased interest, starting from October 3, 2017 we began consolidating MPI's results and therefore we expect MPI's results of operations and financial condition to more significantly impact our results of operations and financial condition. In particular, MPI has substantial indebtedness which has been fully reflected in our consolidated financial statements and a significant portion of its indebtedness is associated with projects which are not yet in operation as MPI expands its business. In addition, since the date of consolidation, we have recorded revenue and costs from electric power sales related services. MPI and its Subsidiaries are Unrestricted Subsidiaries (as defined in "Description of the Notes"). Although the indebtedness of MPI has been fully consolidated in our statement of financial condition as of December 31, 2017, our consolidated statement of profit and loss and cash flows (including revenue, expenses, EBITDA and other items included in, or derived from, our income statement) for the fiscal year ended December 31, 2017 reflects MPI's contribution as a

consolidated subsidiary only from the date of acquisition on October 3, 2017 to December 31, 2017. MPI's results of operations are significantly affected by certain factors which include, among others:

- commercial arrangements under its PPAs and O&M agreements, including the duration of agreements and tariffs;
- MPI's power generation capacity and volume and type of O&M services provided;
- with respect to the tendering and tariff regime for future projects, changes in government regulation; and
- currency fluctuations between the U.S. dollar and the Rupiah. Generally, certain of the tariff components under MPI's PPAs contain adjustment provisions based on movements between the U.S. dollar and the Rupiah or the tariffs are U.S. dollar denominated. From a cost perspective, MPI's expenses are mainly denominated in Rupiah and as a result to the extent it earns revenues denominated in U.S. dollars its results are affected by currency fluctuations.

MPI from time to time explores potential capital raising options which could include debt or other forms of financing.

Oil and Gas Blocks

From time to time, we acquire and divest from, or increase or decrease our effective interests in, oil and gas blocks. For example, in 2016, we increased our interest in the Lematang PSC, a producing asset, to 100% from 74.1%, increased our interest in Block A, Aceh, a development asset, from 41.7% to 58.3% and acquired a 40.0% interest in South Natuna Sea Block B. We also agreed to divest our entire interest in the Bawean PSC, a producing asset, effective in September 2017. Further in April 2017, we increased our interest in Block A, Aceh from 58.3% to 85.0%. The acquisitions of, and divestments from, producing assets affect our production volume, and generally our acquisitions and divestments affect the value of our assets, liabilities and result of operations as we record bargain purchase gains.

Other Businesses

From time to time we have entered into certain businesses, including coal, real estate (through our ownership of The Energy Building) and others. Based on our assessment of our business lines, we decided that it may be in our interests to divest from these businesses and therefore we have reclassified them as assets held for sale. Such reclassification has the effect of such businesses being accounted for as discontinued operations on our income statement until we sell or may reclassify such assets. In particular, in 2017 we reclassified our subsidiary which holds The Energy Building as held for sale, which resulted in a significant decrease in investment properties under our non-current assets and increase in our non-current assets classified as held for sale.

Cost Efficiencies

In recent years, in light of oil price volatility, we have carried out an efficiency drive. In 2016, 2017 and 2018, our full year unit cash production cost was US$8.8/BOE, US$9.1/BOE and US$8.7/BOE, respectively, compared with US$12.3/BOE in 2015 and US$15.4/BOE in 2014. This reduction was achieved through a number of cost reduction initiatives including (i) changing operating modes, such as revising crew rotation schedules and outsourcing certain non-core activities; (ii) optimizing existing operations and relationships, such as vendor renegotiations to capture deflation and sharing infrastructure with neighboring operators; and (iii) reassessing all operations to apply "fit-for-purpose" methodologies, such as rescheduling planned maintenance and engine exchanges. The cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions, to smaller scale granular opportunities, such as travel and training budgets. We currently are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 through, among others, continuing the aforementioned cost-efficiency initiatives and realization of

synergies across the enlarged portfolio including assets held by the Ophir Group. We plan to apply our cost reduction programs to the Ophir Group assets with the goal of realizing post-Acquisition cost savings. We expect that the structure of our PSCs will begin to change after 2021 with the adoption of the gross split PSC regime as our PSCs are extended. We expect that the structure of the cash flows under the new regime may result in higher operating costs, but that such costs may be offset with lower taxes and potentially higher net profits.

Commercial Arrangements

Our PSCs contain cost recovery provisions which permit us to recover approved costs incurred in capital investment for exploration and development, and production and operating expenses against available revenues generated by the PSC after deduction of FTP, and any applicable investment credits. Generally, under the terms of our PSCs, we and the Government are entitled to take and receive FTP amounting to 20% of the total production of oil and gas each year, split between us and the Government, from our production areas in all of our PSCs, before any deduction for cost recovery, and applicable investment credits. Under the terms of 10 of our PSCs, including 2 JOBs, after we have recovered all approved costs including incentives, the Government is entitled to a 65.0% to 85.0% profit share of the remaining production and we keep the rest as our profit share.

Because our recoverable costs are customarily settled in oil and gas, the exact amount realizable by us out of these cost recoveries varies depending on the market prices of oil and the contracted prices for gas. For example, if oil prices decrease, our cost recovery portion of production will rise and our net entitlement under our commercial arrangements will therefore also rise. However, despite such increase in our net entitlement, a decline in oil prices will lead to a decline in net revenues.

Our share of profits after tax from our PSCs ranges from 27.5% to 40.0% for gas and 12.5% to 35.0% for oil, depending on the PSCs and without taking into account the impact of cost recovery and DMO for oil and gas. After a period of 60 months, commencing from the month of the first delivery of crude oil produced from each new field in a given contract area, the contractor will typically be subject to DMO to sell approximately 3.75% on an after tax basis of the crude oil produced from the contract area at a discounted price, ranging from 10.0% to 25.0% of the market price, depending on the PSC. For the last three years, our DMO have accounted for an average of approximately 3.9% on an after tax basis of our crude oil net production. While we are obliged to sell 25% of the gas we produce in the domestic market, we may do so at market price and as we sell the majority of our entire gas net production in the domestic market, in practice, this obligation does not affect our results of operations. There can be no assurance that we will not be subject to increases in our DMO for oil and gas in the future. See “Risk Factors — Risks Relating to our Industries.” See “Regulatory Overview — Legal Framework for the Oil and Gas Industry — PSC” for further information.

In 2018 and 2019 respectively, our Tarakan PSC and Rimau PSC, which were scheduled to expire in 2022 and 2023, respectively, each obtained a 20 years PSC extension from the Government. The terms of the extensions differ from the existing PSC cost recovery format and follow the new gross split PSC regime. See “PSC Tax Regime — Gross Split.”

For information on commercial arrangements in Thailand and Vietnam generally, see the report entitled “Indonesia Market Report — Upstream Section” prepared by Wood Mackenzie and attached hereto under the headings “Overview of Thailand’s Oil & Gas Industry” and “Overview of Vietnam’s Oil & Gas Industry.”

Oil and Gas Production Volume

Our oil and gas net production volumes are a key factor that affects our sales and profitability and depends primarily on the terms of our production sharing contracts and the level of developed reserves in the fields in which we have an interest. The level of developed reserves is affected by such factors as:

- our exploration success in making discoveries;

- the speed at which successful exploration is approved for development and then brought into production, and the speed at which reserves are depleted through production;
- the extent to which we acquire or divest interests in producing reserves;
- the expiration and extension of the terms of the production sharing arrangements under which we and our partners produce crude oil and gas;
- operational efficiencies in and the infrastructure available for our production processes; and
- managing declining reserves at mature fields.

In addition to our amount of producing reserves, our level of production is affected by:

- market demand; and
- individual terms of the commercial contracts.

Our Planned Exploration and Development Activities

From January 1, 2016 to December 31, 2018, we incurred US$940.3 million in aggregate capital expenditures, which includes acquisition costs for exploration and evaluation assets, and development costs for our oil and gas properties. Our total annual non-debt funded capital expenditures necessary to maintain our production levels are expected to remain below US$200 million per year over the next five years, which should allow for a reduction in gearing. Within this total capital expenditure, we intend to cap expenditures for discretionary exploration and managing declines in production to US$60 million per year. We plan to do this by phasing expenditures on our large developments and making carefully selected investments to offset declines in production. We cap our discretionary exploration capital expenditure and focus on infrastructure-led, low risk targets and we fund this capital expenditure primarily through cash from operations.

We follow PSAK No. 64, Exploration for Evaluation of Mineral Resources, in recording exploration and evaluation assets. Accordingly, all estimated future costs associated with the acquisition and exploration of oil and gas reserves, including directly related overhead costs, are capitalized. All costs arising from production activities are recorded at the time they are incurred. All capitalized costs relating to our oil and gas reserves are depreciated and amortized using the unit of production method, based on the total estimated proved reserves, as detailed in Note 2 to our consolidated financial statements included elsewhere in this Offering Circular.

Investments in unproven reserves and major development projects are not amortized until proved reserves associated with such properties and projects can be determined or until impairments occur. Our depreciation, depletion and amortization costs (including depreciation charged to our operating expenses) for the years ended December 31, 2016, 2017 and 2018 were US$107.4 million, US$161.6 million and US$110.4 million, respectively.

We also conduct workover operations, comprising drilling activities, to maintain our current production capacity, which are accounted for as capital expenditure.

PSC Tax Regime

Currently all of our Indonesian PSCs are under the cost recovery PSC regime. We expect that the structure of our PSCs will begin to change after 2021 with the adoption of the gross split PSC regime as our PSCs are extended. In 2018 and 2019 respectively, our Tarakan PSC and Rimau PSC, which were scheduled to expire in 2022 and 2023, respectively, each obtained a 20-year PSC extension from the Government. The terms of the extensions differ from the existing PSC cost recovery format and follow the new gross split PSC regime.

Cost Recovery

The calculation of income tax for cost recovery PSC working interest holders differs from the method generally used in calculating income tax for other Indonesian tax payers. Significant differences between the general income tax regime and the PSC income tax regime include:

- under the PSC tax regime, the taxable value of oil liftings is to be referenced to the net entitlement of oil after deduction of cost recovery (calculated based on ICP, as opposed to the actual sales price), while the taxable value of gas liftings is also referenced to the net gas entitlement, but calculated based on actual sales price;
- under the PSC tax regime, the classifications for intangible and capital costs are not necessarily consistent with general Indonesian income tax rules relating to capital spending;
- under the PSC tax regime, the depreciation and amortization rates applying to intangible and capital costs are not necessarily consistent with the depreciation rates available under the general Indonesian income tax rules;
- under the PSC tax regime, interest costs are not recoverable and not tax deductible, whereas interest is usually fully deductible under general Indonesian income tax rules. However, some of our PSCs provide specific allowances (such as investment credit allowance and interest cost recovery) which are calculated based on approved interest rates on remaining capital expenditure balances, allowing our subsidiaries to recover the amount of such allowances. Such allowances are not tax deductible costs;
- under the PSC tax regime prior to the issuance of the Director General of Taxes No. PER-20/PJ/2017 ("PER-20/2017"), regarding Procedures for Calculating and Paying Income Tax on the First Tranche Petroleum ("FTP") dated November 14, 2017, 20% of the oil and gas production (the number may vary depending on the PSC contract) before any deduction for cost recovery can be deferred from tax until the equity split position is reached, which is not necessarily consistent with how tax is calculated under the general Indonesian income tax rules;
- under PER-20/2017, tax on FTP is deemed to be payable if the balance of accumulative FTP has exceeded the balance of the unrecovered costs;
- the PSC tax regime provides for an unlimited carry forward of prior year unrecovered costs, as opposed to a given year restriction under the general Indonesian income tax rules; and
- no tax deductions will arise under the PSC tax regime until commercial production commences, as opposed to a deduction arising from the date of the expenditure being expensed or accrued under the general Indonesian income tax rules.

Due to the above differences, decreases or increases in current tax expenses may not necessarily be in line with decreases or increases in sales. Deductible costs are accordingly required to be calculated in accordance with the PSC tax regime in order to calculate our taxable income and the related tax expense for a given period.

Indonesian income tax rates on our PSCs currently vary from 25% to 35%, depending on the contract terms for the applicable PSC where revenue is generated and the prevailing tax rates in the year in which the PSC is entered into, and this percentage changes our effective tax rate. Our PSCs are also subject to a PSC dividend tax of 15% to 20%. Our income tax expense is significantly influenced by the fact that PSCs cannot be consolidated for Indonesian income tax purposes, as this prevents us from off-setting losses from one PSC from profits from another PSC. Each PSC is taxed individually and no cross deduction is allowed.

Gross Split

The calculation of income tax under the gross split PSC income tax regime, which applies to PSC working interest holders, differs from the calculation of income tax under the general Indonesian income tax rules, including the following significant differences:

- under the gross split PSC income tax regime, no tax deductions will arise until commercial production commences, whereas under the general Indonesian income tax rules deductions arise from the date of the applicable expenditure being expensed or accrued;
- the gross split PSC income tax regime and the general Indonesian income tax rules differ with respect to (i) classifications of intangible and capital costs; (ii) utilization of the double unit production method to amortize capitalized expenses incurred prior to commercial production period; and (iii) classification of useful life of assets;
- under the gross split PSC income tax regime, interest costs are not tax deductible, whereas under the general Indonesian income tax rules, interest is usually fully tax deductible; and
- the gross split PSC income tax regime provides for historical losses to be carried forward for up to ten years, whereas the general Indonesian income tax rules do not permit losses to be carried forward more than five years.

Under both the gross split PSC regime and the general income tax regime:

- taxable income of a company or a permanent establishment is subject to corporate income tax at the rate of 25% pursuant to Law No. 36 of 2008 regarding Fourth Amendment of Law No. 7 of 1983 regarding Income Tax (ITL-36/2008);
- taxable income of a permanent establishment that results from activities from which corporate income tax has already been deducted is subject to income tax at the rate 20% pursuant to ITL-36/2008 or reduced income tax rate under Tax Treaty; and
- each oil and gas block is taxed on a stand-alone basis, with no allowance for cross deduction of expenses.

Political and Security Conditions in the Countries Where we Operate

While our assets are primarily located in Indonesia, we also operate in Oman, Yemen, Tunisia and Libya and following completion of the Acquisition, expect to operate in new countries including Thailand, Vietnam and Malaysia. Such operations may be subject to political and security considerations. In 2016, we recorded impairment losses on our oil and gas properties of US$278.5 million (partially reversed by US$100.0 million in 2017), primarily related to impairments of our assets in Libya and Tunisia resulting from our risk assessment related to political conditions in the North African region, which affected our profitability for the year. In addition, our operations in Tunisia were suspended due to labor protests in connection with a general strike in the country which occurred from April 2017 to June 2017. Operations resumed from June 2017. In Yemen, due to adverse security conditions, there was no activity at our blocks for an extended period of time from 2014 until the fourth quarter of 2018. We continue to monitor and assess the conditions in these countries.

Overview of Results of Operations

The following table sets forth certain information with respect to our revenues, expenditures and profits, for the years ended December 31, 2016, 2017 and 2018.

	For the Years Ended December 31,		
	2016	2017	2018
	(Restated)[1]	(Restated)[1]	
	(US$ in millions)		
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Sales and Other Operating Revenues			
Net oil and gas sales	554.9	834.6	980.2
Electric power sales and revenue from related services	—	67.5	235.9
Revenues from services	7.0	3.0	2.2
Total Sales and Other Operating Revenues	**561.9**	**905.1**	**1,218.3**
Cost of Sales and Other Direct Costs			
Production and lifting costs	190.2	192.3	203.3
Cost of electric power sales and related services	—	40.6	134.3
Cost of crude oil purchases	13.3	80.9	125.4
Depreciation, depletion, and amortization	106.3	160.6	108.8
Exploration expenses	6.1	10.1	8.6
Cost of services	0.9	5.3	5.7
Total Cost of Sales and Other Direct Costs	**316.8**	**489.6**	**586.1**
Gross Profit	**245.1**	**415.5**	**632.2**
Selling, general and administrative expenses	(89.8)	(147.8)	(160.7)
Finance costs	(99.4)	(140.6)	(189.0)
Finance income	7.6	32.3	12.7
Bargain purchase	551.7	43.1	—
Gain on business combination achieved in stages	—	16.1	—
Income from insurance claim	—	7.7	—
Loss on assets recognized at fair value less cost to sell	(11.9)	—	—
Reversal of (Loss on) impairment of assets	(196.3)	95.9	(2.2)
Loss on dilution of long-term investment	—	—	(19.1)
Share of net loss of associates and joint venture	(27.0)	(37.0)	(66.7)
Other income	9.7	22.6	10.1
Other expenses	(6.4)	(14.4)	(18.6)
Profit Before Income Tax Expense from Continuing Operations	**383.2**	**293.5**	**198.8**
Income Tax Expense	**(61.6)**	**(138.1)**	**(196.5)**
Profit for The Year from Continuing Operations	**321.6**	**155.4**	**2.4**
Loss after Income Tax Expense from Discontinued Operations	(134.5)	(23.6)	(30.7)
Profit (Loss) for The Year	**187.0**	**131.8**	**(28.4)**
Total Comprehensive Income (Loss) for The Year	**195.0**	**189.6**	**(19.6)**
Basic Earnings (Loss) per Share Attributable to Equity Holders of the Parent Company[2]	**0.01300**	**0.00887**	**(0.00290)**

Notes:

(1) The restated consolidated financial statements resulted from the classification of profit or loss accounts of certain subsidiaries previously included in "Continuing Operations" to "Discontinued Operations", as further described in note 38 of the consolidated financial statements included elsewhere in this Offering Circular.

(2) As presented in the Company's Consolidated Financial Statements.

Description of Certain Principal Comprehensive Income Statement Line Items

Net Oil and Gas Sales

Our net oil and gas sales are primarily generated from sales of crude oil and natural gas, which are affected primarily by our net entitlement volume of oil and gas under production sharing arrangements and the prices at which they are sold.

We sell all of our net crude oil entitlement through a competitive tender process, and subject to market conditions, enter into short-term sales contracts with the winning bidder. Crude oil entitlement not sold pursuant to a sales contract is sold in the spot market. Since 2017, substantially all of our net crude entitlement in Indonesia has been sold to customers outside of Indonesia (other than oil sold pursuant to our DMO). We currently sell substantially all of our oil produced in Indonesia at prices based on the ICP, subject to adjustment depending on the quality of the crude oil. The cost recovery portion of net crude entitlement is also calculated based upon ICP prices.

Our natural gas sales contracts in Indonesia are typically long-term fixed price contracts, while our gas produced in the United States is sold on the spot market. Our gas production in Indonesia in 2017 was sold to local customers under long-term GSAs. For a summary description of our GSAs, see "Business — Sales and Distribution — Natural Gas."

Electric power sales and revenue from related services

Our revenue from electric power sales and revenue from related services consists of revenues earned by MPI. MPI's electric power revenue is primarily generated from (i) construction services (which consists of revenue from the Sarulla project based on concession services to PLN), (ii) electric power sales, (iii) concession services (revenue from the Sarulla Geothermal Energy Sales Contract ("ESC") to PLN), operation and maintenance services (which consists of operations and maintenance services provided to third parties and the Sarulla project), (iv) rental of power plant, and (v) EPC services. We commenced recording revenue from electric power sales and related services since the consolidation of MPI on October 3, 2017.

Revenues from services

Our revenue from services are primarily generated from gas transportation services (onshore and offshore) and gas distribution.

Cost of Sales and Other Direct Costs

Production and Lifting Costs

Production and lifting costs consist primarily of (i) costs for oil and gas contracts, which consist of costs that are directly attributable to oil and gas activities in domestic and international operations, and mainly include manpower and utilities costs; (ii) field operations overhead costs, which consist of several administrative costs such as manpower, equipment rental and utilities costs; and (iii) O&M costs, and to a lesser extent, operational support costs and pipeline and transportation fees.

Cost of Crude Oil Purchases

Our costs of crude oil purchases consist of payments for crude oil (outside of our entitlement) purchased from SKK MIGAS, Tomori E&P Ltd, and Medco South Natuna Sea Pte Ltd, which we then sell to our foreign customers. We settle our lifting position with SKK MIGAS, Tomori E&P Ltd, and Medco South Natuna Sea Pte Ltd at the end of each year.

Cost of Electric Power Sales and Related Services

Our costs of electric power sales and related services consist of MPI's costs directly related to its revenue from electric power sales and related services. Such costs primarily consist of construction expenses, payments for gas purchases, costs related to providing operations and maintenance services, management and technical support expenses, maintenance expenses, and several administrative costs such as manpower, equipment rental and utilities costs.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization primarily arise from the depletion of capitalized oil and gas exploration and development costs which are calculated using the unit of production method and depreciation of power plants.

Exploration Expenses

Exploration expenses include dry hole costs and exploration overheads. Exploration expenses vary with the level of exploration activities and the success rate of such activities. We use the "successful efforts method" of accounting for oil and gas exploration expenses. Accordingly, the costs related to acquisitions of interests in oil and gas properties, the costs of drilling and equipping exploratory wells that locate or result in proved reserves and the costs of drilling and equipping development wells, including the costs of drilling exploratory-type stratigraphic test wells, are initially capitalized and recorded as part of uncompleted wells, equipment and facilities until the exploration is determined to be unsuccessful. Exploration expenses for dry holes are expensed in the year in which the exploration effort is determined to have been unsuccessful.

Cost of Services

Costs of services represents the costs related to our drilling activities in Oman under our Oman service contract for Karim Small Fields where we operate and provide services for the owner, Petroleum Development Oman LLC, operational activities for our gas transportation and distribution business, and operational activities for our security services.

Selling, General and Administrative Expenses

General and administrative expenses consist of salaries, wages and other employee benefits; professional fees; contract charges; service costs; repairs and maintenance; insurance; office supplies and equipment; depreciation; transportation; education; rental and insurance. Selling expenses include export expenses; business travel; advertising and promotion; and entertainment expenses.

Finance Costs

Finance costs primarily consist of interest expenses on our indebtedness, and accretion of asset abandonment and site restoration obligations.

Finance Income

Finance income primarily consists of interest income on cash deposits at banks.

Reversal of (Loss on) Impairment of Assets

Our loss on impairment of assets primarily consists of impairment losses recorded on our oil and gas properties as a result of impairment testing that we perform when circumstances indicate that the carrying value

of the asset exceeds its recoverable amount. In 2016, we recorded impairment losses on our oil and gas properties of US$196.3 million, primarily related to our assets in Libya based on our risk assessment due to the political conditions in the North Africa region. In 2017, we recognized the reversal of the prior year's provision for impairment of oil and gas properties of US$95.9 million, primarily related to our assets in Libya due to favorable changes in cost estimates of developing the oil and gas assets.

Bargain Purchase

We record bargain purchase gains when the value of the consideration paid in an acquisition exceeds the fair value of the net assets acquired. In 2016, we recorded a bargain purchase gain of US$551.7 million, which primarily consisted of gains recorded from the purchase of our interest in AMIV, the acquisition of our interest in South Natuna Sea Block B and the increases in our effective interests in Block A, Aceh and Lematang PSC. In 2017, we recorded bargain purchase gains related to the increase in our effective interests in Block A, Aceh.

Income from insurance claim

Income from insurance claim consists of proceeds from insurance claims in 2017, resulting from an unintended gas flow incident in the Lagan Deep-1 exploration well at the South Sumatra PSC in 2011.

Gain on Business Combination Achieved in Stages

Gain on business combination achieved in stages in 2017 consists of a US$16.1 million gain that we recognized upon our acquisition of an additional 39.62% effective interest in MPI as a result of our remeasurement of our pre-existing 49% equity interest in MPI at its fair value on the date of such acquisition.

Loss on Assets Recognized at Fair Value less Costs to Sell

Our impairment loss on assets recognized at fair value less costs to sell consists of impairment of net assets that are classified as held for sale, which in 2016 was related to the classification of Bawean PSC as held for sale.

Loss on Dilution of Long-Term Investment

In the first quarter of 2018, we, API, AMI (the holding company which directly holds our and API's shares in AMNT) and a new shareholder, PT Sumber Gemilang Persada entered into a transaction pursuant to which (i) we, API and PT Sumber Gemilang Persada began to hold our respective interests in AMNT through AMI, and (ii) our and API's respective shareholding at the time in AMI was reduced to 39.4% each while PT Sumber Gemilang Persada at the time held the remaining 21.3%. We recorded a US$19.1 million dilution loss from this transaction, which we believe represents the effect of changes in our rights to the net assets of AMI from such transaction. See "Business — Copper and Gold Mining" for further information about subsequent transactions with respect to AMI.

Share of Net Loss of Associates and Joint Venture

Our share of net income (loss) of associates and joint venture primarily consists of our share of the net losses and net income from AMNT, which we currently hold through our interest in AMI (previously AMIV), and MPI, respectively, which historically have been accounted for using equity accounting. In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing a 77.68% equity interest in PT Saratoga Power (which has since been renamed PT Medco Power Internasional), which holds a 51% equity interest in MPI, from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. As a result of our increased interest, on October 3, 2017, we started consolidating MPI's result, which was previously accounted under the equity method.

Other Income

In 2017 and 2018, other income mainly represented overhead fees we received from the other working interest holders at South Natuna Sea Block B as operator of the block under our Joint Operating Agreement and from the DMO fee income recognized from the Government. In 2016, other income mainly consisted of cash receipts from VAT reimbursements amounting to US$5.7 million.

Other Expenses

In 2018, other expenses primarily consisted of foreign exchange losses related to receivables recorded in Rupiah of US$13.1 million and marketing fee expenses, net of US$5.1 million. In 2017, other expenses primarily consisted of foreign exchange losses related to tax receivables recorded in Rupiah and penalty from taxes payable on First Tranche Petroleum. In 2016, other expenses primarily consisted of foreign exchange losses related to receivables recorded in Rupiah.

Income Tax Expense

Income tax expenses primarily consist of our current tax expense net of the deferred tax benefit available or deferred tax expense which is determined in accordance with Statement of Financial Accounting Standards (PSAK) No. 46, "Accounting for Income Taxes." Our current tax expenses are generally determined based on the following: (i) subsidiaries involved in the oil and gas exploration and production are subject to Indonesian corporate income tax at a rate which varies from 25% to 35% and dividend tax which varies from 15% to 20%. Dividend tax is computed from taxable profit after Indonesia corporate income tax; and (ii) the Company and its subsidiaries are subject to corporate tax which varies from 17% to 25%.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Loss After Income Tax Expense from Discontinued Operations

Loss after income tax expense from discontinued operations represents losses generated by our investment properties, coal mining business, certain oil and gas blocks and certain other operations, including drilling services, and chemicals production which are either held for sale or categorized as discontinued operations.

Comparison of 2018 and 2017

Net Oil and Gas Sales

Our net oil and gas sales increased by 17.4% to US$980.2 million for the year ended December 31, 2018 from US$834.6 million for the year ended December 31, 2017. The increase was primarily due to an increase in our average realized prices as the result of higher oil prices. Our average realized prices for oil increased to US$67.8/barrel in 2018 from US$51.5/barrel for in 2017. Our gas sales decreased to 267.8 BBTUPD for the year ended December 31, 2018 from 273.4 BBTUPD for the same period in 2017. Our average realized prices for natural gas increased to US$6.4/MMBTU for the year ended December 31, 2018 from US$5.5/MMBTU for the corresponding period in 2017, primarily due to the increase in oil prices which impacted the portion of our GSAs which are linked to oil prices. Our crude oil sales increased to 26.5 MBOPD for the year ended December 31, 2018 from 26.2 MBOPD for 2017.

Electric Power Sales and Revenue from Related Services

Sales from electric power increased by 249.4%, to US$235.9 million in 2018 from US$67.5 million in 2017. The increase primarily reflected a full year of consolidation of MPI's revenues compared to 2017 when we consolidated MPI's revenues from October 3, 2017.

Revenue from services

Our revenues from services decreased by 25.2% to US$2.2 million for the year ended December 31, 2018, from US$3.0 million for the year ended December 31, 2017. The decrease was primarily due to decreased pipeline fee tariffs by PLN.

Production and Lifting Costs

Production and lifting costs were reasonably stable at US$203.3 million and US$192.3 million for the years ended December 31, 2018 and 2017, respectively. The increase was primarily due to routine parts replacement for production equipment at South Natuna Sea Block B.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization decreased by 32.2% to US$108.8 million for the year ended December 31, 2018 from US$160.6 million for the year ended December 31, 2017, primarily due to a reserve adjustment at South Natuna Sea Block B based on a new GCA certification report issued in November 2018. The increase in reserves was mostly attributable to producing fields. Actual production performance from the end of 2016 through September 2018 was better than originally forecasted, justifying an increase in reserves.

Cost of Crude Oil Purchases

Cost of crude oil purchases increased by 55.0% to US$125.4 million for the year ended December 31, 2018 from US$80.9 million for the year ended December 31, 2017, primarily due to additional crude oil purchases from our affiliate PT Medco Daya Abadi Lestari (in 2017, crude oil purchases were from Medco South Natuna Sea Pte Ltd). See "Related Party Transactions — PT Medco Daya Abadi Lestari ("MDAL")."

Cost of Electric Power Sales and Related Services

In the year ended December 31, 2018, we recorded costs from electric power sales and related services of US$134.3 million, which is an increase of 231.2% from US$40.6 million in 2017. The increase was primarily due to the full year consolidation of MPI in 2018.

Exploration Expenses

Exploration expenses decreased by 14.8% to US$8.6 million for the year ended December 31, 2018 from US$10.1 million for the year ended December 31, 2017, primarily due to higher dry hole expenses recorded in 2017.

Cost of Services

Cost of services increased by 7.4% to US$5.7 million for the year ended December 31, 2018 from US$5.3 million for the year ended December 31, 2017, primarily due to higher operational activities from our security services company.

Total Cost of Sales and Other Direct Costs

As a result of the foregoing, total cost of sales and other direct costs increased by 19.7% to US$586.1 million for the year ended December 31, 2018 from US$489.6 million for the year ended December 31, 2017.

Gross Profit

Gross profit increased by 52.1% to US$632.2 million for the year ended December 31, 2018 from US$415.5 million for the year ended December 31, 2017. Gross profit margin increased to 51.9% for the year

ended December 31, 2018 from 45.9% for the year ended December 31, 2017, primarily due to higher average oil and gas prices in 2018, MPI's 2018 full year contribution from electric power sales, and lower depreciation recognized in 2018. Gross profit margin is derived by dividing gross profit over total sales and other operating revenues.

Selling, General And Administrative Expenses

Selling, general and administrative expenses increased by 8.7% to US$160.7 million for the year ended December 31, 2018 from US$147.8 million for the year ended December 31, 2017. This increase was primarily due to the full year consolidation of MPI in 2018, while in 2017 MPI's results were consolidated from October 3, 2017.

Finance Costs

Finance costs increased by 34.5% to US$189.0 million for the year ended December 31, 2018 from US$140.6 million for the year ended December 31, 2017, primarily due to an increase in the average amount of indebtedness in 2018 as compared to 2017 and the full year consolidation of MPI's finance costs in 2018.

Finance Income

Finance income decreased by 60.7% to US$12.7 million for the year ended December 31, 2018 from US$32.3 million for the year ended December 31, 2017, primarily due to there being no interest income earned from the shareholder's loan to AMIV earned in 2018, since the loan was converted in the beginning of 2018. In January 2018, approximately 50% of the shareholder loan was converted into equity in AMI, while the other 50% was converted into a non-interest bearing receivable from API.

Bargain Purchase

In 2017, we recorded a bargain purchase gain of US$43.1 million, which was primarily due to the purchase of additional participating interest in Block A, Aceh. We did not record any bargain purchase in 2018.

Gain on Business Combination Achieved in Stages

In 2017, we recorded gain on business combination achieved in stages of US$16.1 million as a result of remeasurement of our previous 49% equity interest in MPI at the fair value on the date of our acquisition of an additional 39.62% effective interest in MPI. We did not record any gain on business combination achieved in stages in 2018.

Income from Insurance Claim

In 2017, we recorded income from cash receipt on an insurance claim of US$7.7 million. This claim was related to a 2011 gas flow incident where unintended gas flow occurred at the Lagan Deep-1 exploration well at the South Sumatera PSC. There was no insurance claim for the year ended 2018.

Share of Net Loss Of Associates and Joint Venture

For the year ended December 31, 2018, our share of net loss of associates and joint venture was US$66.7 million compared to our share of net loss of associates and joint venture of US$37.0 million for the year ended December 31, 2017. The share of net losses in 2018 was primarily due to expenses at AMNT, as it accelerated the development of Phase 7. The share of net losses in 2017 was primarily due to our share of net losses of AMIV due to termination costs of hedging arrangements.

Reversal of (loss on) Impairment of Assets

For the year ended December 31, 2018, we recorded loss of impairment of assets of US$2.2 million as compared to reversal of impairment of assets of US$95.9 million for the corresponding period in 2017. In 2017, we recognized the reversal of the prior year's provision for impairment of oil and gas properties of US$95.9 million, primarily related to our assets in Libya due to favorable changes in cost estimates of developing the oil and gas assets. In 2018, our loss on impairment of assets was primarily due to the recognition of allowance for impairment on property, plant and equipment and advances for projects related to PT Sangsaka Hidro Barat ("SHBar"), since SHBar had not yet obtained the approval for the extension of the construction period of Pembangkit Listrik Tenaga Mini Hidro ("PLTM") Cibalapulang 2 and 3 from PT Perusahaan Listrik Negara Distribusi Jawa Barat ("PLNDJB").

Other Income

Other income decreased by 55.2% to US$10.1 million for the year ended December 31, 2018 from US$22.6 million for the year ended December 31, 2017, which was primarily due to reversal of the previous year over-accrued liability of US$5.1 million and a decrease of management fees recognized from South Natuna Sea Block B.

Other Expenses

Other expenses increased by 29.0% to US$18.6 million for the year ended December 31, 2018 from US$14.4 million for the year ended December 31, 2017, primarily due to an increase in foreign exchange losses related to receivables recorded in Rupiah.

Profit before Income Tax Expense from Continuing Operations

Our profit before income tax expense from continuing operations decreased to US$198.8 million for the year ended December 31, 2018 from US$293.5 million for the year ended December 31, 2017. The decrease was primarily the result of the reversal of impairment losses and bargain purchase gain recorded in 2017. Moreover, in 2018 there was an increase in finance costs. These were partially offset by increased gross profit.

Income Tax Expense

Income tax expense from continuing operations increased by 42.3% to US$196.5 million for the year ended December 31, 2018 from US$138.1 million for the year ended December 31, 2017, primarily due to increases in deferred tax expense from PT Medco E&P Tomori Sulawesi (Senoro) and PT Medco E&P Natuna (South Natuna Sea Block B); which were caused by higher depreciation expenses recognized in the fiscal book compared with the commercial book, due to the difference in depreciation calculation method used for the PSC accounting regime (mostly using the double declining method) and the GAAP accounting regime (using unit of production method), and also an increase in deferred tax expense from PT Medco Power Indonesia due to commercialization of Sarulla Project.

Profit for the year from Continuing Operations

As a result of the foregoing, profit for the year from continuing operations decreased by 98.5%, to US$2.4 million for the year ended December 31, 2018 from US$155.4 million for the year ended December 31, 2017.

Loss After Income Tax Expense From Discontinued Operations

Our loss after income tax expense from discontinued operations increased by 30.2% to US$30.7 million for the year ended December 31, 2018 from US$23.6 million for the year ended December 31, 2017, primarily due to the recognition of loss on impairment of assets and loss on assets recognized at fair value less cost to sell from our divestment plan with respect to our United States blocks in 2018.

Profit (Loss) For the Year

As a result of the foregoing, we recorded loss for the year of US$28.4 million for the year ended December 31, 2018, compared to profit for the year of US$131.8 million for the year ended December 31, 2017.

Total Comprehensive Income (Loss) For the Year

For the year ended December 31, 2018, we recorded total comprehensive loss for the year of US$19.6 million, compared to total comprehensive profit for the year US$189.6 million for the year ended December 31, 2017.

Comparison of 2017 and 2016

Net Oil and Gas Sales

Our net oil and gas sales increased by 50.4% to US$834.6 million for the year ended December 31, 2017 from US$554.9 million for the year ended December 31, 2016. The increase in net oil and gas sales was primarily due to increased sales volume, primarily due to the full year effect of our acquisition of interest in South Natuna Sea Block B in November 2016 and an increase in our average realized prices due to higher oil and gas prices. Our crude oil sales increased to 26.2 MBOPD for the year ended December 31, 2017 from 21.5 MBOPD for the same period in 2016. Our average realized prices for oil increased to US$51.5/barrel for the year ended December 31, 2017 from US$42.3/barrel for in 2016. Our gas sales increased to 273.4 BBTUPD for the year ended December 31, 2017 from 212.2 BBTUPD for the same period in 2016. Our average realized prices for natural gas increased to US$5.5/MMBTU for the year ended December 31, 2017 from US$4.4/MMBTU for the corresponding period in 2016, primarily due to the increase in oil prices which impacted the portion of our GSAs which are linked to oil prices.

Electric Power Sales and Revenue from Related Services

In 2017, we recorded sales from electric power sales and revenue from related services of US$67.5 million from MPI, which we began consolidating on October 3, 2017.

Revenue from services

Our revenues from services decreased by 57.2% to US$3.0 million for the year ended December 31, 2017 from US$7.0 million for the year ended December 31, 2016. The decrease was primarily due to a decrease in pipeline fee tariffs by PLN.

Production and Lifting Costs

Production and lifting costs were relatively stable with a slight increase at US$192.3 million and US$190.2 million for the years ended December 31, 2017 and 2016, respectively. The slight increase was mainly due to an increase in production and lifting costs from South Natuna Sea Block B, which we acquired in November 2016 which was partially offset by a decrease in operations and maintenance expenses and pipeline and transportation fees resulting from the implementation of cost efficiency measures.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased by 51.0% to US$160.6 million for the year ended December 31, 2017 from US$106.3 million for the year ended December 31, 2016, primarily due to depreciation of oil and gas assets from South Natuna Sea Block B, which we acquired in November 2016.

Cost of Crude Oil Purchases

Cost of crude oil purchases increased by 507.8% to US$80.9 million for the year ended December 31, 2017 from US$13.3 million for the year ended December 31, 2016, primarily due to additional crude oil purchases at South Natuna Sea Block B, which we acquired in November 2016.

Cost of Electric Power Sales and Related Services

For the year ended December 31, 2017, we recorded cost of electric power sales and related services of US$40.6 million from MPI, which we began consolidating on October 3, 2017.

Exploration Expenses

Exploration costs increased by 65.4% to US$10.1 million for the year ended December 31, 2017 from US$6.1 million for the year ended December 31, 2016, primarily due to significantly higher dry hole expenses recognized in 2017.

Cost of Services

Cost of services increased by 492.8% to US$5.3 million for the year ended December 31, 2017 from US$0.9 million for the year ended December 31, 2016, primarily due to increase in security services.

Total Cost of Sales and Other Direct Costs

As a result of the foregoing, total cost of sales and other direct costs increased by 54.5% to US$489.6 million for the year ended December 31, 2017 from US$316.8 million for the year ended December 31, 2016.

Gross Profit

Gross profit increased by 69.6% to US$415.5 million for the year ended December 31, 2017 from US$245.1 million for the year ended December 31, 2016. Gross profit margin increased to 45.9% for the year ended December 31, 2017 from 43.6% for the year ended December 31, 2016, primarily due to our increased revenues, particularly from South Natuna Sea Block B, which as a mature block carries higher margins, and higher oil prices. Gross profit margin is derived by dividing gross profit over total sales and other operating revenues.

Selling, General And Administrative Expenses

Selling, general and administrative expenses increased by 64.6% to US$147.8 million for the year ended December 31, 2017 from US$89.8 million for the year ended December 31, 2016. This increase was primarily due to, among others, increased expenses for rental expenses, manpower supply, export expenses, salaries, wages and other employee benefits mostly relating to South Natuna Sea Block B, which we acquired in 2016, expenses under our Oman contract, which had a higher contribution to our revenue in 2017 compared with 2016, and expenses from the consolidation of MPI with effect from October 3, 2017.

Finance Costs

Finance costs increased by 41.3% to US$140.6 million for the year ended December 31, 2017 from US$99.4 million for the year ended December 31, 2016, primarily due to our higher average amount of indebtedness in 2017 as compared to 2016.

Finance Income

Finance income increased by 327.4% to US$32.3 million for the year ended December 31, 2017 from US$7.6 million for the year ended December 31, 2016, primarily due to interest income from the shareholder's loan to AMIV made in connection with the acquisition of our interest in AMNT.

Bargain Purchase

For the year ended December 31, 2017, we recorded a bargain purchase gain of US$43.1 million, which primarily consisted of gains recorded from the purchase of our interest in Block A, Aceh. For the year ended December 31, 2016, we recorded a bargain purchase gain of US$551.7 million, which primarily consisted of US$467.2 million gains recorded from the purchase of our interest in AMIV, while the others are gain from the acquisition of our interest in South Natuna Sea Block B and the acquisition of additional effective interests in Block A, Aceh and Lematang PSC.

Gain on Business Combination Achieved in Stages

In the year ended December 31, 2017, we recorded gain on business combination achieved in stages of US$16.1 million as a result of remeasurement of our pre-existing 49% equity interest in MPI at the fair value of the date of our acquisition of additional 39.62% effective interest in MPI.

Income from Insurance Claim

For the year ended December 31, 2017, we recorded income from cash receipt on an insurance claim of US$7.7 million. This claim was related to a 2011 gas flow incident where unintended gas flow occurred at the Lagan Deep-1 exploration well at the South Sumatera PSC. There was no insurance claim for the year ended 2018.

Loss on assets recognized at fair value less cost to sell

Loss on assets recognized at fair value less cost to sell for the year ended December 31, 2016 was US$11.9 million which related to our classification of the Bawean PSC as an asset held for sale.

Share of Net Loss Of Associates and Joint Venture

For the year ended December 31, 2017, our share of net loss of associates and joint venture was US$37.0 million compared to our share of net loss of associates and joint venture of US$27.0 million for the year ended December 31, 2016. The share of net losses in 2017 was primarily due to our share of net losses in AMIV from the cost of termination of hedging arrangements. The share of net losses in 2016 was primarily due to our share of net losses in AMIV acquisition costs of AMNT. This loss in 2016 was partially offset by our share of net income in MPI.

Reversal of (loss on) Impairment of Assets

For the year ended December 31, 2017, we recorded a reversal of impairment of assets of US$95.9 million as compared to a loss on impairment of assets of US$196.3 million for the year ended December 31, 2016. In 2016, our loss on impairment of assets was primarily because of changes in the recoverable value of our oil and gas properties due to the sharp decrease in oil prices during the year. In 2017, we recognized the reversal of the prior year's provision for impairment of oil and gas properties of US$95.9 million, primarily related to our assets in Libya due to favorable changes in cost estimates of developing the oil and gas assets.

Other Income

Other income increased by 132.3% to US$22.6 million for the year ended December 31, 2017 from US$9.7 million for the year ended December 31, 2016, which was primarily due to a full year of management

fees recognized from South Natuna Sea Block B, which we acquired in November 2016. For the year ended December 31, 2016, other income mainly consisted of cash receipts from VAT reimbursements of US$5.7 million.

Other Expenses

Other expenses increased by 124.6% to US$14.4 million for the year ended December 31, 2017 from US$6.4 million for the year ended December 31, 2016, primarily due to increase in foreign exchange losses.

Profit before Income Tax Expense from Continuing Operations

Our profit before income tax expense from continuing operations decreased to US$293.5 million for the year ended December 31, 2017 from US$383.2 million for the year ended December 31, 2016. The decrease was primarily due to increases in selling, general and administrative expenses, net losses of associates and joint venture as well as increased finance costs, which were partially offset by our reversal of impairment losses, recognition of bargain purchase gains and increased gross profit in 2017.

Income Tax Expense

Income tax expense from continuing operations increased by 124.3% to US$138.1 million for the year ended December 31, 2017 from US$61.6 million for the year ended December 31, 2016, primarily due to the recognition of tax expenses from South Natuna Sea Block B.

Profit for the year from Continuing Operations

As a result of the foregoing, profit for the year from continuing operations decreased by 51.7%, to US$155.4 million for the year ended December 31, 2017 from US$321.6 million for the year ended December 31, 2016.

Loss After Income Tax Expense From Discontinued Operations

Our loss after income tax expense from discontinued operations decreased by 82.5% to US$23.6 million for the year ended December 31, 2017 from US$134.5 million for the year ended December 31, 2016, primarily due to goodwill impairment and loss on impairment of our Tunisia asset recorded in 2016 with respect to assets held for sale.

Profit For the Year

As a result of the foregoing, we recorded a 29.5% decrease in profit for the year from US$131.8 million for the year ended December 31, 2017 to US$187.0 million for the year ended December 31, 2016.

Total Comprehensive Income For the Year

Total comprehensive income for the year decreased by 2.7% to US$189.6 million for the year ended December 31, 2017 from US$195.0 million for the year ended December 31, 2016.

Liquidity and Capital Resources

Our operations, capital expenditures and working capital requirements are primarily funded from cash generated from operations and from borrowings, both short-term and long-term, including banking facilities and bonds. As of December 31, 2018, we had available banking facilities of US$780.0 million, of which US$166.1 million was unutilized. Of these facilities, US$500.0 million represents financing for Block A, Aceh and Tomori development, of which US$17.6 million was unutilized as of December 31, 2018.

As of December 31, 2018, we had cash and cash equivalents of US$418.1 million (including US$96.2 million of MPI's cash and cash equivalents), which comprised cash and time deposits with maturity dates of not more than three months and which are not used as collateral and short term investments of US$25.2 million. We also had restricted time deposits and cash in banks (current and non-current portion) of US$209.5 million (including US$15.1 million from MPI), which include approximately US$176.3 million in an escrow account, which consisted of proceeds from the offering of US$400.0 million and US$500.0 million aggregate principal amount of guaranteed senior notes due in 2022 and 2025 by our subsidiaries, Medco Straits Services Pte. Ltd. and Medco Platinum Road Pte. Ltd., which will be used to repay debt, primarily consisting amounts owed under the IDR Shelf-Registered Bonds II Phases I, II, and III which will mature in July, September and December 2019, respectively, and MTN V Phase I of 2016 which will mature in November 2019. We also plan to repay certain debt of the Ophir Group amounting to approximately US$356 million (as of December 31, 2018) using our and Ophir's cash and cash equivalents. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Ophir Group — Indebtedness."

The following table presents our cash flow data for the years ended December 31, 2016, 2017 and 2018.

Cash Flow Data

	For the Years Ended December 31,		
	2016	2017	2018
	(US$ in millions)		
Consolidated Statements of Cash Flows			
Net Cash Provided by Operating Activities	10.0	443.6	361.7
Net Cash Used in Investing Activities	(567.3)	(242.9)	(266.7)
Net Cash Provided by (Used in) Financing Activities	259.8	121.0	(41.6)

Net Cash Provided by Operating Activities

Year ended December 31, 2018. Our net cash provided by operating activities was US$361.7 million primarily which comprise of cash receipts from customers of US$1,220.1 million, partially offset by cash paid to suppliers and employees of US$689.6 million and income tax paid of US$168.8 million.

Year ended December 31, 2017. Our net cash provided by operating activities was US$443.6 million, primarily which comprise of cash receipts from customers of US$1,070.4 million, partially offset by cash paid to suppliers and employees of US$459.8 million and income tax paid of US$167.0 million.

Year ended December 31, 2016. Our net cash provided by operating activities was US$10.0 million, primarily which comprise of cash receipts from customers of US$493.4 million, partially offset by cash paid to suppliers and employees of US$463.1 million and income tax paid of US$20.3 million. Net cash provided by operating activities in 2016 reflects a significant year on year increase in trade receivables, which primarily relate to sales from the South Natuna Sea Block B, which we acquired in November 2016.

Net Cash Used in Investing Activities

Year ended December 31, 2018. Our net cash used in investing activities was US$266.7 million, which was primarily due to additions to oil and gas properties of US$228.5 million for Block A, Aceh and South Natuna Sea Block B development drilling; additions to exploration and evaluation assets of US$13.0 million which represent exploration spending for Block A; and additions to concession financial assets of US$56.8 million. These were partially offset by, among others, proceeds from disposal of subsidiaries of US$16.9 million and interest received during the year of US$14.0 million.

Year ended December 31, 2017. Our net cash used in investing activities was US$242.9 million in 2017, which was primarily due to additions to oil and gas properties of US$183.8 million for South Natuna Sea

Block B and Block A, Aceh development drilling and the acquisition of business net of cash acquired of US$93.2 million for PT Saratoga Power (now PT Medco Power Internasional) of US$66.8 million and KrisEnergy of US$26.4 million. These were partially offset by, among others, proceeds from redemption of short term investments of US$43.0 million, which was previously managed by banks.

Year ended December 31, 2016. Our net cash used in investing activities was US$567.3 million, which was primarily due to: (i) investments in joint ventures of US$404.0 million for the acquisition of our interest in AMIV; (ii) US$261.5 million for acquisition of subsidiaries, holding interests in South Natuna Sea Block B and the WNTS, and for subsidiaries holding interests in Lematang PSC, South Sokang PSC, and Cendrawasih VII; and (iii) additions to oil and gas properties of US$77.0 million consisting of additions to oil and gas properties for South Natuna Sea Block B and Block A, Aceh development drilling. These were partially offset by, among others, proceeds from redemption of short term investments of US$218.9 million previously managed by banks.

Net Cash Flow Provided by (Used in) Financing Activities

Year ended December 31, 2018. Our net cash used in financing activities was US$41.6 million, which primarily consist of: (i) US$839.3 million repayment of bank loans, (ii) US$180.8 million payment of financing charges, (iii) US$214.1 million repayment of other long-term debt (primarily for payment of Rupiah Shelf Registered Bonds I Phase II), (iv) US$62.3 million settlement of derivative liability due to settlement of hedging arrangements with respect to our IDR bonds, (v) US$57.8 million placement of restricted time deposits and cash in bank. These were partially offset by: (i) US$546.9 million proceeds from additional bank loans, and (ii) US$763.3 million proceeds from other long-term debt (primarily from the 2025 Notes).

Year ended December 31, 2017. Our net cash provided by financing activities was US$121.0 million, which was primarily due to (i) US$370.6 million proceeds from additional bank loans, (ii) US$567.1 million proceeds of other long-term debt from 2022 Notes, and (iii) US$191.6 million proceeds from share issuance. These were partially offset by: (i) US$468.2 million repayment of bank loans, (ii) US$240.7 million repayment of other long-term debt, (iii) US$124.7 million payment of financing charges, (iv) US$120.0 million increases in restricted time deposits and cash in bank mainly coming from DBS Bank Ltd related to 2022 Notes, and (v) US$60.0 million settlement of derivative liability of hedging arrangements with respect to our IDR and SGD bonds.

Year ended December 31, 2016. Our net cash provided by financing activities was US$259.8 million, which was primarily due to: (i) US$330.0 million proceeds from additional bank loans, and (ii) US$267.1 million proceeds of other long-term debt from Rupiah Shelf Registered Bonds II Phases I, II and III. These were partially offset by (i) US$168.4 million repayment of bank loans, (ii) US$86.5 million payment of financing charges and (iii) US$79.9 million repayment of other long-term debt.

Indebtedness

The following table shows the amount of the Company's total consolidated short-term and long-term debt outstanding as of December 31, 2016, 2017 and 2018:

	As of December 31,		
	2016	2017	2018
	(US$ in millions)		
Short-term debt			
Short-term bank loans	16.0	42.0	40.0
Current maturities of long-term bank loans and obligation	395.0	365.3	362.5
Long-term debt (net of current maturities)			
Bank loans	1,009.6	1,367.2	1,012.3
Loan from non-bank financial institutions	—	27.3	10.9
Rupiah bond[(1)]	316.9	348.6	447.6
US Dollar bond	—	384.7	867.8
Singapore Dollar bond	68.3	—	—
Medium-term notes	127.5	54.0	66.5
Total debt	**1,933.3**	**2,589.1**	**2,807.5**

Note:

(1) Rupiah amounts were converted to U.S. dollars at an exchange rate: of 0.000074 US$ per Rupiah, 0.000074 US$ per Rupiah, and 0.000069 US$ per Rupiah for amounts as of December 31, 2016, 2017 and 2018, respectively.

Our long-term debt outstanding as of December 31, 2016, 2017 and 2018 consisted of both local and foreign currency obligations. Under the terms and conditions of these long-term obligations, we are subject to various restrictive covenants, which restrict us from undertaking certain actions without prior approval of lenders. See "Description of Other Material Indebtedness."

Contractual Obligations, Including Long-term Debt

The following table discloses our contractual and other obligations, excluding contingent liabilities, that were outstanding as of December 31, 2018 and the effect such obligations are expected to have on liquidity and cash flow in future periods.

	Payments Due By Period				
	Total	2019	2020	2021	After 2021
	(US$ in millions)				
Bank Loans	1,329.4	279.2	237.1	261.6	551.6
Loan from a non-bank financial institution	11.0	0.1	10.9	—	—
Long-term Debt Obligations (Bonds)	1,428.6	77.5	44.9	270.3	1,036.0
Long-term Debt Obligations (Medium-term notes)	122.2	55.0	—	67.2	—
Total	2,891.1	411.8	292.9	599.0	1,587.5

Note: Amounts outstanding are presented excluding unamortized discounts.

The proceeds of the Notes will be used to repay certain indebtedness. See "Use of Proceeds." In addition, certain proceeds from the 2022 Notes are being held in escrow and will be used to repay indebtedness. See "—Liquidity and Capital Resources."

Capital Expenditures

The following table sets forth the Company's capital expenditures for the years ended December 31, 2016, 2017 and 2018.

	For the Years Ended December 31,		
	2016	2017	2018
	(US$ in millions)		
Maintenance Capex	159.1	25.2	46.1
Development Drilling	68.0	51.3	22.3
Major Projects	109.8	165.2	163.9
Exploration Program	9.1	18.4	35.9
Others	0.1	5.5	60.5
Total	346.1	265.5	328.7

Note: The amounts shown represents our expenditure based on our working interest in the project.

Development and exploration drilling accounts for a majority of the capital expenditure for exploration and development activities.

We currently expect our 2019 capital expenditure for exploration and development of our oil and gas assets (including Ophir Group assets following the Acquisition) to be approximately US$290 million and, with respect to MPI's business, approximately US$110 million.

We intend to fund our capital expenditure through a combination of cash generated from the cost recovery portion of our oil and gas sales pursuant to the terms of our PSCs, cash on hand, and equity and debt financing.

The cost recovery mechanism in each of our producing PSCs allows us to recover capital expenditure within a relatively short period of time. Our capital expenditure for maintenance of equipment and facilities and for drilling is fully recoverable through the cost recovery mechanism under our PSCs. Our capital expenditure at major projects is expected in the short to medium term to be funded primarily through debt and cash from operations. Our capital expenditure for major projects will primarily be focused on the development of Block A, Aceh Phase I, and subsequent phases of Senoro-Toili and Block A, Aceh. Our total annual capital expenditures funded through our cash from operating, or investing activities (including cost recovery) are expected to remain below US$200 million per year over the next five years, which should allow for a reduction in gearing. Within this total non-debt funded capital expenditure, we intend to cap expenditures for discretionary exploration and low margin in production to US$60 million per year. We plan to do this by phasing expenditures on our large developments and making carefully selected investments to offset declines in production. We cap our discretionary exploration capital expenditure and focus on infrastructure-led, low risk targets and we fund this capital expenditure through cash from operations.

Our ability to obtain adequate financing to satisfy our capital expenditure and debt service requirements may be limited by our financial condition, results of operations and the liquidity of international and domestic financial markets. We may make additional capital expenditures as opportunities or needs arise. In addition, we may increase, reduce or suspend planned capital expenditures or change the timing and use of capital expenditures from what is currently planned in response to market conditions or for other reasons. The above budgeted amounts do not include any investments we may make in acquisitions of oil and gas properties or other downstream projects, if any.

Our ability to maintain and grow our revenues, net income and cash flows depends upon continued capital spending. Our capital expenditure plans are subject to a number of risks, contingencies and other factors, such as oil and gas prices, geological factors, market demand, acquisition opportunities and the success of our drilling program, some of which are beyond our control. We adjust our capital expenditure plans and investment budget

periodically, based on factors deemed relevant by us. Therefore our actual future capital expenditures and investments are likely to be different from its current planned amounts, and such differences may be significant.

Off-Balance Sheet Arrangements

We have various contractual obligations, some of which are required to be recorded as liabilities in our consolidated financial statements, including long-term and short-term loans. We have certain additional commitments and contingencies that are not recorded on our consolidated balance sheet but may result in future cash requirements. These off-balance sheet arrangements are not generally required to be recognized as liabilities on our balance sheet.

Production Sharing Arrangements

				PSA	
Subsidiary	**Block Ownership**	**Country**	**Term**	**Local Government**	**Subsidiary**
Medco Oman LLC.	Karim Small Fields	Oman	25 years	88% of profit from total production	12% of profit from total production;
Medco International Venture Ltd.	Area 47	Libya	30 years	86.3% of profit from total production	13.7% of profit from total production
Medco Arabia Ltd	Block 56	Oman	3 years exploration period	75% of profit from total production for oil and 70% for gas	25% of profit from total production for oil and 30% for gas
Medco Energi US LLC . . .	Main Pass 64	United Stated	End of production	23.269% royalties of total sales (16.667% to local government and 6.602% to sales revenue interest owners)	76.731% from total sales
Medco Yemen Malik Ltd.	Block 9	Yemen	25 years	70% of profit oil (for production over 25,000 BOPD)	30% of profit oil (for production over 25,000 BOPD)
Medco Ventures International (Barbados) Limited	Block Bir Ben Tartar	Tunisia	30 years	65% of profit from total production	35% of profit from total production
Medco Ventures International (Barbados) Limited	Block Cosmos	Tunisia	50 years	20% of profit from total production	80% of profit from total production
Medco Ventures International (Barbados) Limited	Block Yasmin	Tunisia	30 years	20% of profit from total production	80% of profit from total production

Subsidiary	Block Ownership	Country	Term	PSA	
				Local Government	Subsidiary
Medco Ventures International (Barbados) Limited	Block Sud Remada	Tunisia	13 years	65% of profit oil (shareable)	35% of profit oil (shareable)
Medco Ventures International (Barbados) Limited	Block Jenein	Tunisia	14 years	70% of profit oil (shareable)	30% of profit oil (shareable)
Medco Ventures International (Barbados) Limited	Block Hammamet	Tunisia	13 years	60% of profit oil (shareable)	40% of profit oil (shareable)
Medco Sahara Limited	Block Adam	Tunisia	30 years	50% of profit from total production	50% of profit from total production
Medco Sahara Limited	Block Borj El Khadra	Tunisia	25 years	50% of profit from total production	50% of profit from total production

The total remaining commitment for exploration expenditures relating to the above contracts as of December 31, 2018 is US$20 million.

Gas Supply Agreements

Our significant GSAs as of December 31, 2018, are as follows.

Company / Counter-party	Date of Agreement	Commitment	Contract Year
PT Medco E&P Indonesia			
PT Perusahaan Gas Negara (Persero) Tbk	January 1, 2019 through Mutual Agreement dated December 27, 2018	To supply gas of 30 BBTUD ramp down to 20 BBTUD (joint contract with PT Medco E&P Lematang) in Sumatera and Java Region with total contract quantity of 10,960 BBTU from South Sumatera PSC (Total joint supply contract quantity 27,400 BBTU)	Approximately 3 years since the gas in the date or until the total contract quantity of joint supply has been fully supplied, whichever occurs first.
PT Pertamina (Persero)	January 1, 2019 through Mutual Agreement dated December 21, 2018	To supply gas of 0.20 MMSCFD with total contract quantity of 123.40 MMSCF	September 8, 2020 or until the total contract quantity has been fully supplied, whichever occurs first

Company / Counter-party	Date of Agreement	Commitment	Contract Year
PT Pupuk Sriwidjaja Palembang	August 7, 2007, last amended by the dated February 23, 2018	To supply gas at an average of 45 BBTUD.	The GSA expires on the earlier of January 1, 2019 or until total contract quantity has been fully supplied.
PT Mitra Energi Buana	July 24, 2006, last amended on June 8, 2018	To supply gas with total gas contract quantity amounted to 30,119 BBTU.	The GSA expires on the earlier of December 31, 2027 or until the total contracted quantity has been fully supplied.
PT MEPPO-GEN	October 17, 2014, amended on November 13, 2018	To supply 10-16 BBTUD of gas with total gas contract quantity amounting to 35,246 BBTU.	The GSA expires on the earlier of December 31, 2027 or until total contract quantity has been fully supplied.
Perusahaan Daerah Pertambangan dan Energi for electricity	August 10, 2011, as amended on December 4, 2012	To supply and sell 3 BBTUD of gas.	Expires on August 31, 2020 or until the total contract quantity has been fully supplied, whichever occurs first.
PT Sarana Pembangunan Palembang Jaya (SP2J)	April 13, 2010, last amended on November 25, 2015	To supply gas with total contract quantity of 450.93 BBTU.	The GSA expired on January 1, 2019.
PT PLN Tarakan for Electricity in Gunung Belah Tarakan	May 12, 2010, last amended on January 16, 2018	To supply and sell gas with total contract quantity of 10,134 BBTU.	Expires on December 31, 2021 or when the total contract quantity has been fully supplied, whichever occurs first. On January 1, 2017, this commitment was transferred to PT Perushaan Listrik Negara (Persero).
Perusahaan Daerah Pertambangan dan Energi for Gas Fuel in South Sumatra	August 4, 2009, last amended by the Mutual Agreement dated March 6, 2018	To supply and sell 0.5 BBTUD of gas, with a total contract quantity of 1,606.5 BBTU.	Expires on the earlier of February 7, 2023 and the date on which the total contract quantity has been fully supplied.

Company / Counter-party	Date of Agreement	Commitment	Contract Year
Perusahaan Daerah Mura Energi	August 4, 2009, last amended August 9, 2018	To supply 1.35 - 2.1 BBTUD of gas with total contract quantity of 6,039 BBTU of gas.	Expires on December 31, 2027 or until the total contract quantity has been fully supplied, whichever occurs first.
Perusahaan Daerah Kota Tarakan (assigned to PT PGN (Persero) Tbk)	October 30, 2018 (assigned to PGN from Perusahaan Daerah Kota Tarakan effective since January 8, 2016	To supply gas to meet the needs of households in Tarakan of 0.2 BBTUD.	Five years from effective assignment date (January 8, 2016).
PT Perusahaan Gas Negara (Persero) Tbk	May 4, 2018	To supply gas to meet the needs of households in Kabupaten Musi Banyuasin of 0.25 BBTUD with total contract quantity of 871 BBTU.	The GSA expires on the earlier of July 20, 2027 or until the total contract quantity has been fully supplied whichever occurs first.
PT Pertamina (Persero)	Mutual Agreement *(Kesepakatan Bersama)* dated January 30, 2018	To supply and sell gas of 0.25 MMSCFD, with a total contract quantity of 864.25 MMSCF.	The GSA expires on July 20, 2027 or until the total contract quantity has been fully supplied, whichever occurs first.
PD Petrogas Ogan Ilir	May 25, 2016 last amendment of agreement dated November 6, 2017. This agreement has been terminated on July 26, 2018	To supply gas with total gas contract quantity of 1,148 BBTU of gas	December 31, 2019 or until the quantity of the contract has been fully supplied, whichever occurs first.
PT Perusahaan Listrik Negara (Persero)	September 19, 2017	To supply and sell gas of 20-25 BBTUD (joint supply with MEPL) total contract quantity of 50,932.8 BBTU from South Sumatera PSC. (Total joint supply quantity 70,260 BBTU).	January 31, 2027 or until such quantity has been fully supplied, whichever occurs first.

Company / Counter-party	Date of Agreement	Commitment	Contract Year
PT Medco E&P Lematang			
PT Perusahaan Listrik Negara (Persero)	March 21, 2017, as last amended on September 19, 2017	To supply and sell gas of 8-25 BBTUD (joint supply with MEPI), with a total contract quantity of 19,327.2 BBTU from Lematang PSC and 50,932.80 BBTU from South Sumatra PSC.	Expires on January 31, 2027 or when the total contract quantity has been fully supplied, whichever occurs first.
PT MEPPO-GEN	November 13, 2018	To supply 10-16 BBTUD of gas with total gas contract quantity amounting to 12,805.3 BBTU.	December 31, 2027 or until total contract quantity has been fully supplied, whichever occurs first.
PT Pupuk Sriwidjaja Palembang	April 2, 2018 through Mutual Agreement	To supply and sell gas of 5 BBTUD with total contract quantity of 1,375 BBTU.	This agreement has ended on December 31, 2018.
PT Medco E&P Malaka			
PT Pertamina (Persero)	January 27, 2015	To supply 58 BBTUD of gas with a total volume of 198 TBTU.	Expires up to 13 years from the date of first gas delivery, or upon the earliest of fulfillment of the total amount of the contract, the gas no longer having any economic value, or the expiration of Block A, Aceh PSC.
PT Pupuk Sriwidjaja Palembang	Mutual Agreement *(Kesepakatan Bersama)* dated April 2, 2018	To supply and sell gas of 5 BBTUD, with a total contract quantity of 1,375 BBTU	The Joint Agreement expires on the effective date of the GSA. This agreement expires on December 31, 2018.
PT Medco E&P Tomori			
PT Donggi Senoro LNG	January 22, 2009, as amended on December 13, 2010	Supply 277.8 BBTUD (equivalent to 250 MMSCFD) of gas.	Expires upon the earlier of 15 years following the commencement of commercial operations of the LNG plant, or total contract quantity has been delivered, or expiry of the Senoro-Toili PSC.

Company / Counter-party	Date of Agreement	Commitment	Contract Year
PT Panca Amara Utama	March 13, 2014, last amended on January 11, 2018	To supply 248,200 MMSCF of gas.	Expires when such quantity in the agreement has been fully supplied or upon the termination of the Senoro-Toili PSC (December 3, 2027), whichever occurs first.
PT Perusahaan Listrik Negara (Persero)	February 6, 2018	To supply and sell gas, with a total contract quantity of 15.63 TBTU.	The GSA expires on the earlier of December 4, 2027 or when the total contract quantity has been fully supplied, whichever occurs first.
PT Medco E&P Simenggaris			
PT Perusahaan Listrik Negara (Persero)	October 17, 2014	To supply gas at 0.5 MMSCFD with total Contracts 805 MMSCF.	Expires five years following the first gas date or upon the fulfillment of the total contract quantity, whichever occurs first.
PT Perusahaan Listrik Negara (Persero)	February 6, 2018	To supply 8 BBTUD of gas with total contract commitment of 21.6 TBTU	At the time when total contract quantity in the agreement has been fully supplied or until the expiration of the right of utilization of the contract area, February 23, 2028, whichever occurs first.
Medco E & P Natuna Ltd			
PT Pertamina (Persero)	January 15, 1999	To supply gas with PT Pertamina (Persero) for SembCorp Gas Pte Ltd with the total contract quantities 2,625 TBTU.	Expires 27 years following the Start Date or upon the fulfillment of the total amount of the contract, whichever occurs first
PT Pertamina (Persero)	March 28, 2001 amended on May 8, 2012	To supply gas to PT Pertamina (Persero) for Petroliam Nasional Berhad (Petronas) with the total contract quantities 1,648 TBTU.	Expires 20 years or whichever occurs first as stated in the agreement.

Inflation

The Indonesia rate of inflation was 3.0% in 2016, 3.6% in 2017 and 3.1% in 2018 based on the consumer price index. Inflation in Indonesia has not significantly impacted the Company's results of operations in recent years.

Seasonality

Indonesia's wet and dry seasons do not have a material impact on the demand and prices for crude oil and natural gas. During the annual rainy season, typhoons and heavy rain can temporarily limit our ability to continue our oil and gas development activities and reduce AMNT's mine production.

Quantitative and Qualitative Disclosure About Market Risks

Our primary market risk exposures are to fluctuations in oil and gas prices.

Commodity Price Risk

We are exposed to fluctuations in prices of crude oil which is a commodity whose price is determined by reference to international market prices. International oil prices are volatile and this volatility has a significant effect on our revenues and asset values. Due to the cost recovery provided to us in our production sharing arrangements, previously we did not materially hedge market risk resulting from fluctuations in oil and gas prices. Currently, our policy is to hedge up to 25% of liquid production and 50% of index-linked gas production. See "— Overview" and "Risk Factors — Risks Relating to our Industries — The volatility of prices for crude oil could adversely affect the Group's financial condition and results of operations." AMNT's business is subject to fluctuations in market prices for gold and copper.

Operating Risks

We are exposed to operating risks, including reservoir risk, risk of loss of oil and gas and natural calamities risk in respect of all its installations and facilities. We have, however, insured our installations and facilities. We do not have insurance coverage for lost profits. See "Business — Operating Hazards, Insurance and Uninsured Risks" and "Risk Factors — Risks Relating to our Industries — Our operations are subject to significant operating hazards."

Foreign Exchange Rate Risk

Most of the major contracts entered into by us have historically been denominated in U.S. dollars, and it is anticipated that this will continue to be the case. Such contracts include PSCs, JOBs, agreements with joint venture partners, major construction contracts, drilling leases, service contracts, oil and gas sales contracts and transportation agreements. Consequently, substantially all of our revenues are denominated in U.S. dollars, and a majority of our cash expenses are also denominated in U.S. dollars. Certain expenses comprising the salaries of Indonesian employees, local vendors, local rentals and interest income/expense are normally paid in Rupiah. Given the relatively small currency mismatch, we believe that our exposure to the currency risk of an appreciation of the Rupiah is limited. However, since MPI currently reports its results in Rupiah, fluctuations of the Rupiah against the U.S. dollar affect our accounting for MPI's net income.

We are also exposed to foreign exchange rate risk resulting from fluctuations in exchange rates in the translation of Rupiah-denominated loans and U.S. dollar-denominated purchases of diesel, which is later sold in Rupiah-denominated sales. As of December 31, 2018, we had U.S. dollar denominated loans of US$2.4 billion and Rupiah-denominated loans of Rp. 7.8 trillion (equivalent to US$539.7 million).

Our policy for foreign exchange management, swap and hedging was designed to minimize currency risk and maintain cost effectiveness and has the following objectives: ensure that all transactions in currencies other than U.S. dollars (being our functional currency) are sufficiently covered on a timely basis; ensure that we are not adversely affected by foreign exchange, commodity price, interest rate and general market movement in a way that might seriously threaten our viability or undermine the confidence of our customers, staff or debt and equity holders; reduce the actual or anticipated cost of financing; and optimize swap and hedging transactions by maintaining cost effectiveness of such activities and to fairly weigh the cost of risk with possible saving in going unhedged or by engaging in natural hedging.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our short-term and long-term indebtedness. Upward fluctuations in interest rates increase the cost of new borrowings and the interest cost of our outstanding floating rate indebtedness. As of December 31, 2018, 26.73% of our long-term indebtedness have interest at floating rates which, in the case of U.S. dollar debts, principally are determined in reference to LIBOR and, in the case of Rupiah debts, in reference to the banks' prime lending rate. It is part of our policy to protect any risks related to foreign currency, interest rate, and commodity price using financial hedging instruments. In addition to obtaining cash flow certainty, we enter into cross currency swap transactions to mitigate foreign currency risk for any non-U.S. dollar debts, and interest rates swap to fixed any floating interest rates exposures. We apply hedge accounting to any hedging transactions that meet the criteria for hedge accounting to minimize the volatility of marked-to-market movement on income. Under this policy, we are allowed to enter into hedging transactions for up to 50% of underlying exposures, with special approval required for larger exposures. We monitor the positions through marked to market report distributed by the hedge counterparties.

Critical Accounting Policies and Practices

Our critical accounting policies and practices are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require subjective judgment on behalf of management. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles. However, in the preparation of the consolidated financial statements we use judgment to make certain estimates, assumptions and decisions regarding accounting treatments. We believe the policies and practices described below are its critical accounting policies and practices.

Purchase Price Allocation and Goodwill Impairment

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the reliable fair market values of the assets and liabilities purchased, including intangible assets. Under PSAK No. 48 (Revised 2014), "Impairment of Assets", goodwill is not amortized and is subject to an annual impairment testing. Impairment testing is performed when certain impairment indicators are present. In case of goodwill, such asset is subject to annual impairment test and whenever there is an indication that an asset may be impaired; management uses its judgment in estimating the recoverable value and determining the amount of impairment.

Bargain Purchase

Bargain purchase represents the excess of the estimated fair value of the net assets acquired over the cash paid to acquire the assets. The difference is recognized directly in the income statement. Primarily as a result of the acquisition of our interest in AMIV in 2016, we recorded a bargain purchase gain of US$467.2 million in 2016, reflecting that the purchase price we paid for our share in AMIV was less than the assessment of the fair value of our share of AMIV's assets based on a valuation report from an independent third-party valuer registered with the OJK. The table below sets forth information about our bargain purchase gain recognized in connection with this transaction:

	Provisional Fair Value As of November, 2016[1]
	(US$ in millions)
Assets	
Cash and cash equivalents	377.1
Restricted cash in bank	54.6
Trade receivables	221.9
Other receivables	73.5
Prepaid tax and tax receivables	7.9
Income tax receivable	266.3
Other tax receivables	72.6
Receivables from related parties	230.6
Inventories	170.8
Stockpile	1,520.7
Deferred mine development cost	158.2
Deferred stripping cost	83.8
Debt issuance cost	55.6
Property, plant and equipment	1,302.5
Other assets	54.5
Sub-total	4,650.6
Liabilities	
Trade payables	(79.2)
Other payable to related parties	(246.0)
Accrued expenses	(0.0)
Tax payables	(113.1)
Other taxes payables	(16.5)
Bank loans	(1,027.8)
Asset abandonment and site restoration obligations and other provisions	(310.1)
Post-employment benefits obligations	(34.8)
Deferred tax liabilities—net	(477.1)
Other payables	(1.7)
Sub-total	(2,306.2)
Non-controlling interest over identified asset of AMIV	(602.0)
Total identifiable net assets at fair values	**1,742.4**
Other venturer portion	(871.2)
Bargain purchase	(467.2)
Total estimation	**404.0**

Note:

(1) November 2, 2016 is the date of acquisition of AMIV.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization but tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable based on the fair value assessment using the cash flow projection method that we conduct on a regular basis. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Proved reserves represent quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. Reserves in undeveloped locations may be classified as "proved reserves" provided that (a) the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive; and (b) interpretation of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled proved locations.

Our historical impairment of oil and gas properties were made where we estimated the recoverable amount of reserves based on value in use using cash flow projections. The calculation of value in use for oil and gas properties cash generating units is mostly sensitive to the following assumptions: (a) lifting, (b) prices, (c) discount rates, and (d) operating and capital expenses. Changes to the assumptions used by the management to determine the recoverable amount, in particular the discount rate, can have significant impact on the result of the impairment assessment.

Reserve Estimates

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:

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

Asset Abandonment and Site Restoration Obligations

We have recognized provisions for asset abandonment and site restoration obligations associated with our oil and gas wells, facilities and infrastructure. In determining the amount of the provision, assumptions and estimates are required in relation to discount rates and the expected cost to dismantle and remove all the structures from the site and restore the site. We intend to fulfill these obligations in accordance with the terms of our PSCs or contract areas.

BUSINESS

Overview

We are an integrated energy and natural resources company operating through our core oil and gas exploration and production business, power generation business and significant investments in mining. We are the largest independent publicly listed oil and gas exploration and production company in Indonesia based on market capitalization. In addition, based on a peer analysis conducted by Wood Mackenzie, we are the largest upstream oil and gas exploration and production company among our Peer Group as of and for the year ended December 31, 2017 based on proved and probable reserves and production in Asia (our Peer Group refers to the group of peers identified by Wood Mackenzie, consisting of independent exploration and production companies with a noteworthy proved and probable reserves and production footprint in South and South East Asia). These consist of PT Saka Energi Indonesia, PT Energi Mega Persada Tbk., Ophir (which we are acquiring pursuant to the Acquisition described herein), Premier Oil plc and KrisEnergy Ltd. We primarily focus on our activities in Indonesia, and also have oil and gas operations in the Middle East and North Africa.

The Ophir Acquisition

On January 30, 2019, the Parent Guarantor and the boards of directors of our wholly owned subsidiary, MEG, and Ophir, reached an agreement on the terms of a recommended cash offer made by MEG, to acquire the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). On March 20, 2019, the Parent Guarantor and the boards of directors of MEG and Ophir announced that we had reached agreement on the terms of an increased recommended all cash offer by MEG. Ophir is an independent upstream oil and gas exploration and production company, with a diversified portfolio of producing, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 and has been listed on the London Stock Exchange since 2011. In September 2018, Ophir completed the purchase of the Santos Producing Assets in Southeast Asia. Ophir has a production and development business with net proved and probable reserves of 70.1 MMBOE as of December 31, 2018 and with average daily production for 2018 of 29.7 MBOE/d (on a pro forma basis including production for the full year 2018 from the Santos Assets).

The consideration payable in connection with the Acquisition values the entire issued and to-be-issued share capital of Ophir at approximately £408.4 million (US$539.2 million), with a cash offer price of 57.5 pence per share. The Acquisition is being implemented by way of a court-sanctioned Scheme of Arrangement. Approval of the Scheme of Arrangement by a majority in number representing 75% of relevant Ophir shareholders present and voting (either in person or by proxy), was obtained on March 25, 2019. We expect the Scheme of Arrangement to become effective during the first half of 2019.

We believe that a combination between our business and Ophir creates a leading independent exploration and production player in Southeast Asia with significant scale and cash flows. According to a peer analysis conducted by Wood Mackenzie, assuming the combination of our business and Ophir as of December 31, 2018, we (together with the reserves and production of Ophir) would have had the highest level of estimated commercial and technical reserves in Southeast Asia and North Asia among a selected peer group, consisting of independent exploration and production companies with similar reserves in North and Southeast Asia, including Hess, Eni, Repsol, Total and Murphy. We believe the combined business will have greater reserves, contingent resources and production, a wider geographic footprint for future opportunities and a more balanced regional portfolio of producing and development assets. We also believe that there is significant potential to improve operational efficiencies given our onshore and offshore operations and experience in managing mature assets.

Assuming the combination of our production and reserves with those of the Ophir Group, on a pro forma basis for 2018 (including production for the full year 2018 from the Santos Producing Assets), combined production for 2018 would have been 108 MBOE/d, net proved and probable reserves of approximately 366 MMBOE and proved and probable contingent resources of 1,013 MMBOE.

Overview of Our Current Business

We have achieved significant milestones since 2016. We believe that 2016 was a transformational year for our business. We achieved key milestones in our oil and gas business through, among other things, our acquisition of an interest in, and becoming the operator of, the South Natuna Sea Block B and the associated WNTS, increasing our interest in Block A, Aceh to 85%, obtaining a 10-year extension of, and increasing our interest to 100% in, the Lematang PSC in South Sumatra and receiving estimation or assessment of an additional 880 BCF of gross 100% field 1C contingent resources of gas compared to GCA's assessment in 2014 at the Senoro-Toili PSC. We also entered the copper and gold mining sector through our acquisition of a significant indirect interest in AMNT, which operates the Batu Hijau mine, a very large, established open pit mining and processing operation on the island of Sumbawa in Indonesia, processing about 42 Mtpa of ore per annum to produce copper and gold concentrates.

In 2017, we continued to successfully integrate previous acquisitions, including the acquisition of our interest in South Natuna Sea Block B and improve our cost structure. In October 2017, we increased our stake in MPI, which operates in the power generation sector as an IPP and O&M provider as well as in the geothermal sector, from 49% (which we hold directly) to an effective interest of 88.62% by purchasing 77.68% of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. PT Medco Power Internasional holds a 51% interest in MPI. In August 2017, we also completed the US$400 million offering of Senior Notes due 2022 and in January 2018 we completed the US$500 million offering of Senior Notes due 2025, in each case refinancing a significant portion of our indebtedness. We also continued to deleverage and completed a rights offering in 2017 which raised proceeds of approximately US$195 million and also issued the Warrants, which are exercisable between July 2018 and December 2020, the proceeds of which we expect to use for, among other things, repayment of indebtedness and/or working capital of the Parent Guarantor and its subsidiaries. From July 1, 2018 to December 31, 2018, 100.4 million Series I Warrants Exercise Window I were converted to 100,424,134 Shares with total proceeds amounting to Rp. 62.8 billion (US$4.4 million). In addition, the holding companies for our mining joint venture, AMNT, have repaid certain indebtedness, which has resulted in the discharge of our parent guarantee with respect to their indebtedness. In September 2017, we entered into an agreement with the other existing indirect shareholder of MPI, the International Finance Corporation, which holds the remaining 11.4% interest in MPI, for it to increase its shareholding in MPI to an effective 22.5%. This transaction is expected to close in the second or third quarter of 2019.

We have significantly improved our organizational cost structure. Our full year unit cash production cost has been significantly reduced to US$8.7/BOE in 2018, US$9.1/BOE in 2017 and US$8.8/BOE in 2016 compared to US$12.3/BOE in 2015 and US$15.4/BOE in 2014. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions and smaller scale granular opportunities, such as travel and training budgets. We currently are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 and to realizing synergies across the enlarged portfolio including assets held by the Ophir Group.

We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing. We also have interests in oil and gas properties in four countries outside of Indonesia, namely Tunisia, Yemen, Libya and Oman. In Indonesia, our blocks are held under production sharing arrangements with SKK MIGAS, Indonesia's national upstream oil and gas regulator. Under these production sharing arrangements, we are entitled to recover our costs and earn an agreed after-tax share of the production once the block is declared commercially exploitable by SKK MIGAS.

We plan to continue to strengthen our producing assets portfolio by the phased development and monetization of our existing portfolio of discovered gas assets. We aim to bring our projects on-stream on time and within budget, particularly our Block A, Aceh block, which is our most advanced development in Indonesia. First gas production and gas deliveries under the Block A, Aceh take-or-pay backed, fixed-price domestic

contract commenced in 2018. We are currently focusing on Senoro-Toili Phase II where the investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Our operations at Senoro-Toili Phase I are fully contracted under off-take agreements both for the upstream and downstream sectors. Concurrently we plan to continue with the development of the Ophir Group's projects under development, including Bualuang phase IV in Thailand and Meliwis in Indonesia. Going forward, we expect that a larger percentage of our production (excluding the assets acquired in the Acquisition) will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC, are in mature stages of production.

In 2018, our oil and gas production split was 39% oil and 61% gas (including production under our Oman service contract). Of the gas production, 45% was sold under fixed price contracts to PLN, the Indonesian state electricity generator, Pertamina (the national oil company of Indonesia) and Pusri (an Indonesian fertilizer producer wholly owned by the Government). Currently, our (excluding Ophir) remaining gas production is sold to Sembgas, Petronas or indirectly pursuant to LNG contracts to KOGAS, Chubu Electric Power Co. Inc and Kyushu Electric Power Co. Inc. Our gas off-takers include blue chip customers with strong credit profiles.

In addition to our core oil and gas business, we operate in power generation and have a significant investment in mining. Through MPI, we operate in the power generation sector in Indonesia. MPI is an IPP and O&M provider. In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% of the shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. MPI promotes a green energy platform and has interests in gas-fired power plants, geothermal energy and hydro-electricity. Established in 2004, MPI owns and operates 10 power plant assets with a total gross capacity of over 645 MW comprising of 297 MW of gas-fired power plants located in Batam and Sumatra island, the 330 MW Sarulla geothermal power plant in North Sumatra and 18 MW of mini hydro power plants in West Java. MPI is currently developing a 275 MW gas-fired power plant in Riau province and a 110 MW geothermal power plant in Ijen, East Java. MPI also operates a power plant with a total capacity of 2,174 MW including 1,320 MW through a long-term O&M contract for the Tanjung Jati B power plant in Jepara, Central Java. MPI through its subsidiaries was also appointed as operator for the 330 MW Sarulla geothermal power plant and TM2500 truck-mounted, gas-fired power plants aggregating 500 MW across eight locations throughout Indonesia and conducted full life inspection on 24 MW gas-fired power Tanjung Batu Mahakam sector. In late 2018, PT Mitra Energi Batam ("MEB"), together with EPC partners Barata Indonesia and Dalle Engineering Construction, signed a contract with PLN for a 40 MW gas-fired power plant in Luwuk for providing O&M services for five years starting in September 2019. Going forward, MPI plans to continue to grow in the clean energy sector as an IPP (natural gas, geothermal and other renewables-based energy), as well as grow its O&M business.

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we made our investment in November 2016 together with a joint venture partner, API. AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession covers an area of 25,000 hectares, which includes the Elang copper and gold resource and several exploration prospects including Lampui, Rinti, Batu Balong, Nangka and Teluk Puna.

As of December 31, 2018, our estimated gross working interest proved and probable reserves was 281.7 MMBOE. We had proved developed reserves of 192.6 MMBOE, 180.9 MMBOE, 186.7 MMBOE, 177.2 MMBOE and 189.9 MMBOE as of December 31, 2014, 2015, 2016, 2017 and 2018, respectively. We produced approximately 30.8 MBOPD, 35.1 MBOPD and 32.8 MBOPD of oil and condensate and approximately 205.9 MMSCFD, 278.0 MMSCFD and 279.2 MMSCFD of natural gas in 2016, 2017 and 2018, respectively. As of December 31, 2018, AMNT had 4.0 million ounces of proven and probable gold reserves including about 1.0 million ounces of gold stockpiles and 4.2 billion pounds of proven and probable copper reserves including 2.0 billion pounds of copper stockpiles. In 2017 and 2018, AMNT had gold sales of 491.9 thousand ounces and 68.1 thousand ounces and had copper sales of 330.6 million pounds and 130.2 million pounds, respectively. In 2018, MPI as an IPP produced 2,704 GW of power and in its O&M business produced

10,674 GW of power. As of December 31, 2018, MPI had installed capacity as an IPP of 645 MW and in its operations and maintenance business services of 2,174 MW, and its IPP pipeline and O&M business pipeline were 1,865 MW and 1,575 MW, respectively.

For the years ended December 31, 2016, 2017 and 2018, our total sales and other operating revenues were US$561.9 million, US$905.1 million and US$1,218.3 million, respectively, and EBITDA was US$262.7 million, US$429.3 million and US$582.0 million, respectively.

We were established in 1980 as an Indonesian drilling contractor and have grown substantially since becoming an oil and gas exploration and production company in 1992. In particular, we expanded our exploration and production activities with our acquisition of an interest in the Rimau block in 1995, followed by the subsequent discovery of the Kaji and Semoga oil fields in the same block in 1996. In 1995, we acquired all of Stanvac Indonesia's shares from Exxon/Mobil. Since January 2000, we have acquired interests in additional blocks both within and outside of Indonesia. We entered the power producing business in 2004 by forming MPI and its associated brand and entered the copper and gold mining sector through our interest in AMNT in 2016.

Our registered and principal executive office is located on the 53rd floor of The Energy Building, SCBD Lot 11A, Jl. Jend. Sudirman, Jakarta 12190, Indonesia.

Competitive Strengths

A leading regional exploration and production company

We are the largest independent publicly listed oil and gas exploration and production company in Indonesia based on market capitalization. In addition, based on a peer analysis conducted by Wood Mackenzie, we are the largest upstream oil and gas exploration and production company among our Peer Group as of and for the year ended December 31, 2017, based on proved and probable reserves and production in Asia (our Peer Group refers to the group of peers identified by Wood Mackenzie, consisting of independent exploration and production companies with a noteworthy proved and probable reserves and production footprint in South and South East Asia. These consist of PT Saka Energi Indonesia, PT Energi Mega Persada Tbk., Ophir (which we are acquiring pursuant to the Acquisition described herein), Premier Oil plc and KrisEnergy Ltd. As of December 31, 2018, our estimated gross working interest proved and probable reserves were 281.7 MMBOE. We are currently either the operator or joint operator of each of our blocks in Indonesia, where our in-country geographic diversity, experience and size allow us to control or significantly influence and optimize the pace of exploration, development and the associated capital expenditure at each block.

We believe our large portfolio of blocks offers a diversification of the risks associated with the management of reserves, production and exploration opportunities. We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing, and in oil and gas properties in four countries outside of Indonesia, namely the Tunisia, Yemen, Libya and Oman. The majority of our reserves, 65% of our gross working interest proved and probable reserves as of December 31, 2018 are located in Indonesia. We produced approximately 30.8 MBOPD, 35.1 MBOPD and 32.8 MBOPD of oil and condensate and approximately 205.9 MMSCFD, 278.0 MMSCFD and 279.2 MMSCFD of natural gas in 2016, 2017 and 2018, respectively.

In addition, we believe that a combination between our business and Ophir creates a strong independent exploration and production player in Southeast Asia with significant scale and cash flows. According to a peer analysis conducted by Wood Mackenzie, assuming the combination of our business and Ophir as of December 31, 2018, we (together with the reserves and production of Ophir) would have had the highest level of estimated commercial and technical reserves in Southeast Asia and North Asia among a selected peer group, consisting of independent exploration and production companies with similar reserves in North and Southeast Asia, including Hess, Eni, Repsol and Murphy. We believe the combined business will have a greater scale in reserves, contingent resources and production, a wider geographic footprint for future opportunities and a more balanced regional portfolio of producing and development assets.

We believe that we can leverage our position as a leading Indonesian oil and gas company to access, review and, if desirable, competitively bid for and acquire both domestic and international blocks. Moreover, we believe our reputation, together with our financial and operational strength, allows us to competitively access domestic and international funds through our banking relationships and/or capital markets to fund both project development and, if needed, acquisitions.

Stable cash flows from long-term gas sales agreements with blue-chip customer base

We benefit from relatively stable cash flows, particularly from sales of our domestic gas production where we benefit from long-term GSAs that provide consistent revenue streams and, to a certain extent, hedge us from the effects of oil price volatility. Gas prices under our domestic gas GSAs are fixed in US$/MMBTU with an application of a relatively small escalation factor (typically 2.5% to 3.0% per annum). Therefore our revenue from natural gas sales is not subject to as much price volatility as our oil revenues. Some of our export contracts contain pricing linked ultimately to oil prices, such as the Senoro GSA and approximately half of our production under the South Natuna Sea Block B GSA. In particular, as of December 31, 2018, gross volumes from all of our 825 BCF of gross proved and probable gas reserves were commercially committed for sale through long-term contracts, with sales through such contracts representing 30%, and 50% of our total revenues in 2017 and 2018, respectively. Of this, for 2018, 55% of gas revenue was sold through fixed price gas contracts with the remaining gas revenue sold under oil-linked prices. In addition, most of our GSAs, including both fixed-domestic and oil-linked-export GSAs, have take-or-pay protections, pursuant to which, if a buyer is unable to absorb the agreed supply during a period (typically over twelve months) then the buyer will have to pay a portion (usually in the range of 80% to 90%) of the total contracted supply for the period. The revenue contribution from GSAs has increased in recent years and we expect will continue to increase as a percentage of our revenue in 2019, especially with the first gas being sold under our fixed-price GSA for the Block A, Aceh gas development having commenced in 2018.

We expect to continue to leverage this strength following completion of the Acquisition. We believe that similar to our business, a significant percentage of Ophir's gas sales are made pursuant to fixed price contracts. As a result, we believe that Ophir's gas sales are not as impacted by movements in commodity prices as oil sales.

In addition, our gas off-takers include blue chip customers with strong credit profiles, including domestic companies such as Pertamina, PGN and PLN, and large international customers such as SembCorp and Petronas each of whom have demonstrated solid payment histories. Ophir's gas off-takers also include blue chip customers including PGN and PLN.

Competitive cost structure and low cost exploration and production producer

We have significantly improved our organizational cost structure. Our full year unit cash production cost has been significantly reduced to US$8.7/BOE in 2018, US$9.1/BOE in 2017 and US$8.8/BOE in 2016 compared to US$12.3/BOE in 2015 and US$15.4/BOE in 2014. This cost reduction has been achieved through a number of efficiency initiatives including (i) changing operating modes, such as revising crew rotation schedules and outsourcing certain non-core activities such as security services, housekeeping and others; (ii) optimizing existing operations and relationships, such as vendor renegotiations to capture deflation and sharing infrastructure with neighboring operators; and (iii) reassessing all operations to apply "fit-for-purpose" methodologies, such as rescheduling planned maintenance and engine exchanges. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions, to smaller scale granular opportunities, such as travel and training budgets. We are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 by continuing to implement our cost efficiency measures and aim to realize synergies across the enlarged portfolio including assets held by the Ophir Group. While cost and efficiency are important, we continue to focus on minimizing risks to employee and contractor safety and promoting production uptime and environmental performance.

We believe that our cost structure assists in extending the economic life of producing blocks and provides stronger operating margins in a given oil price environment, and is particularly beneficial in maturing fields as

volumes inevitably decline. A lower cost structure also allows for economic reserve growth and PSC life extension at lower capital cost levels. We plan to leverage this experience following completion of the Acquisition as we integrate Ophir's assets. We believe that there is significant potential to improve operational efficiencies given our onshore and offshore operations and experience in managing mature assets.

Long-standing track record of executing, integrating and operating complex projects

We have a successful track record of project development in Indonesia, which makes us an attractive and reliable partner for both state-owned and foreign operators. We believe we are a reliable local partner for foreign companies due to our ability to navigate Indonesian regulatory and institutional risk. We are also a reliable partner for state-owned entities because of our access to foreign capabilities and expertise.

Our development of both the Senoro gas field (with Pertamina as the joint operator) and the DSLNG joint venture are examples of both such partnerships. DSLNG is the first project in Indonesia to use an upstream-downstream LNG structure whereby the downstream LNG business is set up as a separate business entity from the upstream business activity, our Senoro gas field. This innovative structure enabled significant savings in procurement and scheduling. Our involvement in the downstream gas sector is through DSLNG, a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. In 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by a third party compared to the third party's assessment in 2014.

We have also proven our ability to successfully close and integrate new acquisitions. In 2016, we acquired our interest in, and become the operator of, the South Natuna Sea Block B and the associated West Natuna Transportation System. After becoming the operator of the South Natuna Sea Block B, we retained the majority of the existing Indonesian management team and work force of the PSC, which assisted in the integration process and maintaining production at the block. In 2016, with our joint venture partner, we also financed and obtained the complex regulatory and government approvals necessary for the successful acquisition of the gold and copper concession containing the Batu Hijau mine.

In addition, we have historically been successful in obtaining extensions for all of our PSCs prior to expiry. For example, most recently in 2016, we obtained extensions for the Lematang PSC until 2027 and the extension of exploration period for the South Sokang PSC until 2020, and prior to that in 2010, we obtained 20-year extensions for the Block A, Aceh and South Sumatra PSCs.

We believe that our successful involvement in such projects with both state-owned and foreign operators, as well as our track record in securing extensions of, and acquiring interests in, PSCs and concessions, provides us with a competitive advantage to continue to be the partner of choice for both state-owned and foreign operators. We also believe that our successful involvement in such projects provides us with an advantage as we plan to continue with the development of the Ophir Group's projects under development, including Bualuang Phase IV in Thailand and Meliwis in Indonesia, after the effectiveness of the Acquisition.

Diversified portfolio of energy and natural resources related businesses and investments

In addition to our core oil and gas operations, we have diversified our business through our power business and our investment in mining.

We operate in the power business through MPI. MPI is an IPP and O&M services provider, and is a sizeable clean and renewable power platform in Indonesia. In the geothermal energy sector, MPI (jointly with its partners) owns a 3x110 MW geothermal power plant in Sarulla, North Sumatra, where the commercial operation of the third and final unit commenced in May 2018. MPI was also appointed as operator under the O&M contract for the Sarulla project. The Sarulla project is one of the largest single-contract geothermal projects in the world.

MPI has a track record in power plant development and O&M servicing. MPI owns and operates seven gas-fired power generation assets with a total gross capacity of over 297 MW. MPI is currently developing its 275 MW gas-fired power plant project and 2x55 MW geothermal power plant project, and has a long-term O&M contract for the Tanjung Jati B power plant in Jepara, Central Java. MPI has stable cash flows from its growing O&M business and long-term minimum off-take backed PPAs with PLN from its IPP portfolio.

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we acquired our interest in November 2016. AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession covers an area 25,000 hectares include the Elang copper and gold resource and several exploration prospects. AMNT was established under a contract of work expiring in 2030, which is extendable up to 20 years. Mining at Batu Hijau was previously focused on ore production from Phase 6, which was completed during 2017. We and our partner have begun the development of Phase 7 and intend to complete a smelter project to realize procurement savings. Current mining at Batu Hijau is focused on stockpile processing and development of Phase 7. Overburden removal for Phase 7 commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years. During this hiatus in ex-pit ore production, Batu Hijau will raise capital and feed its processing plant from existing long-term stockpiles in order to generate cash for operating activities. We believe that AMNT's business and external sources of funding will be sufficient to fund its capital expenditure going forward and we do not expect to make cash contributions to AMNT. AMNT's IUPK (*Ijin Usaha Pertambangan Khusus* — Special Mining Permit) also includes at least six prospective reserves. The Elang copper-gold resource is the largest of the resources and is situated approximately 60 kilometers east of the Batu Hijau mine. AMNT intends to develop plans to evaluate the Elang resources during its ongoing discussions with the Government.

In the short to medium term, we expect that AMNT will undertake a domestic-focused initial public offering, with the proceeds potentially being used for, among other things, the development of a smelter and the Batu Hijau mine.

In addition, after the effectiveness of the Acquisition, we expect to have more geographical diversity in our core oil and gas business with the addition of key producing assets in Thailand and Vietnam.

Well-positioned to leverage the favorable growth outlook for gas and power markets in Indonesia

Gas

Indonesia's gas market is expected to continue to expand to support the growing economy. Wood Mackenzie expects Indonesia's gas demand to increase by approximately 0.8 BCF/D between 2018 and 2028, corresponding to a CAGR of 2.1%; as piped gas production declines, share of LNG will grow strongly. In the longer-term, Wood Mackenzie expects gas demand to accelerate and increase by approximately 2.3 BCF/D between 2028 and 2038, corresponding to a CAGR of 4.5%. This robust growth is supported by consistent GDP increases and corresponding growing demand from the industrial and power sectors.

In addition, the Government has introduced policies designed to promote the use of alternative fuels, including domestic natural gas, given the strong economic, environmental and budgetary incentive to do so.

We believe we are well-positioned to capitalize on recent new regulations, such as the MEMR regulation No. 11/2017 on the use of natural gas for the power sector to reduce the regulatory hurdles and time taken to develop IPPs to allow synergies between gas and LNG portfolios.

Power

Indonesia has one the lowest levels of power demand per capita in South East Asia. Programme Indonesia Terang (PIT) was launched in March 2016 and aims to develop more renewable energy power plants in rural

areas, mostly located in East Indonesia. The program aims to increase the overall national electrification rate from 85% in 2015 to 97% by 2019 according to Wood Mackenzie. In January 2015, the Government announced the next wave of new power plant developments, comprising 35 GW of capacity across Indonesia. The 35 GW program comprises 109 power plants, targeting around 56% of the new capacity to be coal-fired, with the remaining to comprise of gas (37%) and renewables (7%). PLN will develop 11 GW of the capacity, and the remaining 26 GW is expected to be developed by IPPs. These additional power plants are needed to meet growing electricity demand.

MPI is a significant IPP and O&M provider in the Indonesia power market. According to Wood Mackenzie, in North Sumatra and West Java (in terms of new build plants with a capacity below 200 MW) MPI is associated with one of the highest numbers of power plants and total available capacity. We believe MPI has a strong reputation in the power sector in Indonesia. In 2018, MPI's subsidiary, Mitra Energi Batam (MEB) won awards at the Best Electricity Award (IBEA) 2018 ceremony in November 2018 under the category "The Best Power Plant 10 – 100 MW" and MPI was awarded "The Best Clean and Renewable Company". In addition, MPI's subsidiaries, Medco Geothermal Sarulla and Tanjung Jati B Power Services, were in the top five in the "The Best O&M Company" category and Energi Listrik Batam was a finalist for "The Best IPP < 200 MW" category. We believe that by having a strong portfolio and reputation in the power sector in Indonesia, MPI is well-positioned to benefit from expected growth in the power sector and that our interest in MPI allows us to vertically integrate and effectively and quickly monetize some of our existing gas discoveries.

Experienced management team with a successful exploration and development record

We benefit from an experienced board of directors and senior management team with significant experience in oil and gas exploration and production both in and outside of Indonesia. Our management team includes oil and gas professionals with experience at large multi-national corporations such as Premier Oil, Hess, BP, ENI and ConocoPhillips.

In addition, our board of commissioners has significant experience working with regulators and government institutions, which is evidenced by our success with our PSC renewals and our ability to partner with state-owned operators on significant projects or in jointly operating PSCs. Furthermore, we value good corporate governance and our board of commissioners includes two independent commissioners.

Furthermore, our management team has familiarity with certain key Ophir assets. One of our senior international operations executives was previously the president director of Salamander Energy plc in Indonesia (which was acquired by Ophir) and several of our board members were previously with Premier Oil, which is the operator of Block 12W, Ophir's Vietnam asset.

Business Strategies

Our strategy is to continue to build our operations through our core oil and gas exploration and production business and our investments in power and mining. To that end, the following are our key strategies:

Integrate Ophir Assets

After the effectiveness of the Acquisition, we aim to realize synergies from the integration of Ophir assets. We believe our experience in managing both offshore and liquid natural gas operations as well as our experience in moving resources into production reserves will allow us to accelerate the development of Ophir's assets, particularly in Indonesia. We also plan to implement cost efficiency measures with the aim of reducing combined overhead, procurement, commercial and operating costs to realize cost savings. We intend to keep the operational team at each of Ophir's assets in place to ensure continuity of operations and ease of integration.

We intend to manage Ophir's assets alongside our own portfolio of assets and continue to manage them as they are currently managed by Ophir and in accordance with the "Strategic Update" announced by Ophir in

September 2018, pursuant to which, among other things, Ophir announced its intention to minimize exposure to frontier exploration and focus on nearer field exploration opportunities that can drive production growth and/or extend field life and to right-size its business by downsizing its London office and move its headquarter operations to Asia. We have agreed that for a period of 12 months following effectiveness of the Scheme of Arrangement we will retain Ophir's employees on terms no less favorable than before (other than to the extent already provided for in Ophir's plans for its downsizing).

Within 12 months following completion of the Acquisition, we intend to complete a full review of Ophir's asset base, in order to evaluate how each asset will contribute to our existing portfolio. This review may lead to potential divestment or value realization opportunities from assets not considered core to our strategy. Any changes to the asset base triggered by the review will only be implemented once the review is completed.

Continued focus on core business of oil and gas exploration and production by monetizing existing discoveries

We plan to continue to strengthen our producing assets portfolio by the phased development and monetization of our existing portfolio of discovered gas assets. We aim to bring our projects on-stream on time and within budget, particularly our Block A, Aceh block, which is our most advanced development in Indonesia. First gas production and gas deliveries under the Block A, Aceh take-or-pay backed, fixed-price domestic contract commenced in 2018. We are currently focusing on Senoro-Toili Phase II, where in 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by GCA compared to GCA's assessment in 2014 and where we are now evaluating potential development scenarios and preliminary engineering for Senoro-Toili Phase II. The investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. Concurrently we plan to continue with the development of the Ophir Group's projects under development, including Bualuang Phase IV in Thailand and Meliwis in Indonesia. Going forward, we expect that a larger percentage of our production will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC, are in mature stages of production. As of December 31, 2018, our reserve life index was 10.0 years.

Replace and add reserves through selective low-risk exploration and development

We plan to continue to replace depleting reserves and add reserves through selective low-risk exploration and development on our existing Indonesian PSCs. We intend to implement this strategy primarily by conducting infrastructure-led exploration, development and tie-ins to existing infrastructure on our existing PSCs. Our existing PSCs have cost recovery funded, economic advantages when compared to the contracts offered on new PSCs. While we will continue to assess new block offerings, we intend to continue our disciplined approach to exploration over the next five years. We believe this will help us to economically offset decline in our core PSCs in a continued low oil price environment.

Continue to maintain competitive cost structure

Since 2015, we have improved our organizational cost structure. Our 2018 full year unit cash production cost was US$8.7/BOE and in 2017 and 2016 was US$9.1/BOE and US$8.8/BOE, respectively, compared to US$ 12.3/BOE in 2015. Our cost reduction programs have targeted both larger scale cost reduction opportunities, such as drilling rig rate reductions, to smaller scale granular opportunities, such as travel and training budgets. We are committed to maintaining a unit cash production cost per BOE below US$10 through 2021 by continuing to implement our cost efficiency measures and to realizing synergies across the enlarged portfolio including assets held by the Ophir Group. While cost and efficiency are important, we continue to focus on minimizing risks to employee and contractor safety and promoting production uptime and environmental performance.

Maintain financial flexibility with a prudent capital structure and rigorous financial discipline

We intend to maintain a prudent capital structure by keeping the use of debt within reasonable limits and to delever utilizing a mix of internally generated funds, equity financing and the sale of non-core assets.

Our total annual non-debt funded capital expenditures necessary to maintain our production levels are expected to remain at a level which should allow for a reduction in gearing. We intend to continue to cap expenditures for discretionary exploration and managing declines in production. We plan to do this by phasing expenditures on our large developments and making carefully selected investments to offset declines in production. We expect that our capital expenditure for drilling and oil and gas infrastructure will be funded by the cost recovery mechanism under our PSCs or similar support mechanisms. Within 12 months following completion of the Acquisition, we intend to complete a full review of the Ophir Group's asset base, in order to evaluate how each asset will contribute to our existing portfolio. This review may lead to potential divestment or value realization opportunities from assets not considered core to our strategy.

We do not expect capital injections into our AMNT mining joint venture. We are working to ensure that MPI is self financing. MPI is a repeat-issuer of Rupiah bonds and has signed a mandate with the International Finance Corporation to increase the latter's stake in MPI from 11.4% to 20%. We are also aiming to bring in a second strategic investor for MPI to support future growth.

We expect that Ophir and its subsidiaries will become Restricted Subsidiaries and certain of its subsidiaries to become Subsidiary Guarantors (as defined in "Description of the Notes"). In addition, we plan to repay all of Ophir's long-term debt, amounting to approximately US$356 million (as of December 31, 2018), using a combination of our and Ophir's cash and cash equivalents.

In addition, our debt maturing in 2019 will be repaid with proceeds already raised from the 2025 Bonds. In December 2017 we conducted a rights offering raising proceeds of Rp. 2.6 trillion before deduction of transaction costs, which we used primarily for reducing our leverage. Shareholders that exercises their rights were issued detachable warrant with the warrants being exercisable between July 2018 and December 2020, with the exercise price for each warrant ranging between Rp. 625 and Rp. 675, with proceeds therefrom potentially up to Rp. 2.9 trillion. In November 2018, the Parent Guarantor obtained shareholder approval for a capital increase without preemptive rights for up to 10% of the Parent Guarantor's issued and paid up capital at a minimum price of Rp. 868 per share and we are currently in discussions with potential equity investors.

We intend to continue our disciplined approach to acquisitions and only invest in projects that meet or exceed our hurdle rate. We expect that our ongoing focus to delever and cost control may allow us to take advantage of very selective future potential acquisition and development opportunities. We also expect that we will be able to make use of operational efficiencies from completed acquisitions, such as integration and synergies of newly acquired assets through shared services. We also plan to divest from certain non-core assets, including our holding in The Energy Building, and our coal mining business unit, each of which are currently classified as held for sale. In addition, we plan to rationalize our oil and gas portfolio by disposing of non-material exploration and production assets and our smaller non-oil and gas businesses. We recently obtained government approval for the disposal of our Bawean oil producing block, for example.

Continue to develop our power and renewable energy and mining businesses

Power

MPI is one of the players in the Indonesia power market. According to Wood Mackenzie, in North Sumatra and West Java (in terms of new build plants with a capacity below 200 MW) MPI is associated with one of the highest numbers of power plants and total available capacity. We believe this makes MPI well-positioned to benefit from expected growth in the power sector.

In the geothermal energy sector, MPI (jointly with its partners) owns a 330 MW geothermal power plant in Sarulla, North Sumatra, where the commercial operation of the third and final unit commenced in May 2018. The Sarulla project is one of the largest single-contract geothermal projects in the world. In addition, in February 2013, MPI through its subsidiary, PT Medco Cahaya Geothermal, signed a PPA with PLN, in which MPI as an IPP agreed to develop, operate and maintain a 110 MW geothermal power plant in the working area of Belawan-Ijen in the East Java province.

In 2016, MPI through its wholly owned subsidiary PT Medco Geothermal Sarulla ("MGS") signed an O&M agreement with Sarulla Operations Ltd with respect to a 330 MW geothermal plant and, through its subsidiary MEB, signed an O&M contract with PT PLN Batam for an aggregate of 500 MW gas-fired generation plants across eight locations in Indonesia. In December 2017, MEB, together with PT Barata Indonesia, signed a contract with PLN for a 40 MW gas-fired power plant in Luwuk. MEB was also engaged to provide the O&M services at the plant for five years. We expect to make equity contributions of approximately US$88 million in MPI over the next five years to complete the Sarulla geothermal project and Medco Ratch Power Riau project prior to an initial public offering of MPI.

In its IPP business, MPI plans to continue to focus on the development of clean energy power plants, primarily in the areas of natural gas, geothermal energy and potentially solar power, in western Indonesia, as MPI believes western Indonesia has high demand for power but also better infrastructure (including pipeline networks and road access). MPI seeks to partner with reputable third parties for the development of power plants ranging in capacity from 100 MW to 500 MW. In its O&M business, MPI seeks to continue to leverage its experience under its current O&M arrangements to capture future opportunities in the O&M sector. In addition, we, with respect to our oil and gas business, and MPI, plan to take advantage of mutually beneficial synergies, such as through our provision of gas to MPI and MPI providing power for our other businesses (including potentially AMNT) as needed.

In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. PT Medco Power Internasional holds a 51% interest in MPI. Since our acquisition of MPI, we have made certain changes to its board of directors, including replacing MPI's president director with our appointee. Our acquisition of additional shares in MPI allows us to regain majority control with a view to strengthening our position in the power generation sector, which we expect to continue to grow. Our increased stake is consistent with our strategy to grow our oil and gas, mining and power businesses, and also has the added benefit of unlocking greater potential for synergies with our upstream gas business.

Copper and Gold Mining

Our copper and gold mining operations are conducted through our joint venture, AMNT, in which we acquired our interest in November 2016. The acquisition debt was completely repaid as of December 31, 2017. We and our partner have also begun the development of Phase 7 and intend to complete the smelter project and aim to realize significant procurement savings. Mining at Batu Hijau was previously focused on ore production from Phase 6, which was completed during 2017. Current mining at Batu Hijau is focused stockpile processing and development of Phase 7. Overburden removal for Phase 7 commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years to fully complete, though we expect initial mining at Phase 7 to commence in the first half of 2020. During this hiatus in ex-pit ore production, Batu Hijau will raise capital and feed its processing plant from existing long-term stockpile in order to generate cash for operating activities. We believe that AMNT's business and external sources of funding will be sufficient to fund its capital expenditure going forward, and we do not expect to make cash contributions to AMNT. AMNT's IUPK also includes at least six prospective reserves. The Elang copper-gold resource is the largest of the resources and is situated approximately 60 kilometers east of the Batu Hijau mine. AMNT intends to develop plans to evaluate the Elang resources during its ongoing discussions with the Government of Indonesia.

On December 29, 2017, AMNT entered into a facility agreement with PT Bank Mandiri (Persero) Tbk for a US$400 million facility (with the option to upsize to US$1,375 million), primarily for the purpose of funding Phase 7 of the Batu Hijau mine. In the short to medium term, we expect that AMI and/or AMNT will undertake to raise further funding including debt and a domestic-focused initial public offering.

Continue to develop strategic partnerships

We intend to continue to build strategic alliances through our core oil and gas business and through our investments in power and mining. We have, in the past, successfully collaborated on projects with both foreign and government operators. For example, we were the private Indonesian partner in DSLNG, a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. AMNT may also form a joint venture with another party or parties to develop its smelter. AMNT expects that it would contribute access to land, the port and its power plant to the joint venture, with the joint venture partner making capital contributions towards project finance needed to construct of the smelter.

We have employed a similar strategy in AMNT's acquisition a 44% stake in Macmahon Holdings Limited in exchange for a life-of-mine contract to provide earthmoving and mining services at the Batu Hijau mine and existing mobile mining equipment, which closed in August 2017. We expect that Macmahon will reduce AMNT's costs and timeline for the development of Phase 7 of the Batu Hijau mine as well as other resources on the concession.

Maintain high corporate governance standards

We are focused on maintaining high corporate governance standards, which are driven by principles of transparency, accountability, responsibility and fairness. We believe that we enjoy a positive reputation within Indonesia, and we believe that implementation of good corporate governance principles is important in sustaining our future growth and aim to execute our business in line with these principles. In addition, we implement and enforce our non-discrimination policies with regard to gender, race and religion and have two externally managed whistleblowing systems in place to enhance oversight of conduct that is not in line with our code of ethics. We intend to continue implementing these and other prudent policies to maintain our corporate governance standards.

Maintain support from local communities

We believe that relationships with local communities around our operations, while a corporate objective, are also important for our business and the security of our operations. We practice CSR policies which foster empowerment and entrepreneurship, and include assisting in the improvement of public welfare and sanitation facilities in local communities, creating economically self-sustaining communities, encouraging local government re-greening and re-forestation programs and supporting social, religious and education activities. We are the only Indonesian listed member of the Business for Social Responsibility NGO and we intend to continue to engage in community development programs encompassing a variety of social and economic areas, including infrastructure, education and sports, medical and health, and religion and culture. For example, we built a hospital near the Block A, Aceh PSC for the use and access of the local community.

Oil and Gas Exploration and Production Business

Our oil and gas activities are focused on Indonesia, where we are involved in upstream activity, exploration, development and production of crude oil and natural gas. We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing; and in oil and gas properties in four countries outside of Indonesia, three of which are currently producing. Our oil and gas properties that are not currently producing are at various stages of exploration and development.

Summary of Production Sharing Arrangements

The following table summarizes our production sharing arrangements:

Contract Area (Type)[2]	Date of Acquisition	Effective Interest[3]	Gross Area (Km²)	Contract Expiry Date	Share to Contractor[1] Profit Crude Oil (%)	Share to Contractor[1] Profit Natural Gas (%)	Operator
Indonesia:							
Producing Properties							
Rimau (PSC)	1995	95.00%	1,103	2043	15.00	35.00	Medco
South Sumatra Block (PSC)	1995	100.00%	4,470	2033	12.50	27.50	Medco
Lematang (PSC)	2002	100.00%	409	2027	15.00	29.50	Medco
Tarakan (PSC)	1992	100.00%	180	2042	43.00	48.00	Medco
Senoro-Toili (PSC-JOB)	2000	30.00%	451	2027	35.00	40.00	Pertamina-Medco JOB
South Natuna Sea Block B	2016	40.00%	11,155	2028	15.00	35.00	Medco
Development Properties							
Block A, Aceh (PSC)	2006	85.00%	1,680.5	2031	15.00	35.00	Medco
Simenggaris (PSC-JOB)	1998	62.50%	547	2028	15.00	35.00	Pertamina-Medco JOB
Exploration Properties							
Bengara (PSC)	2001	100.00%	922	2029	15.00	35.00	Medco
South Sokang (PSC)	2016	100.00%	998	2040	37.20	42.50	Medco
United States:							
Producing Properties							
East Cameron (Blocks 317 and 318) (Lease Agreement)[4]	2004	75.00%	41	2031	N/A	N/A	Medco
East Cameron (Block 316) (Lease Agreement)[4]	2009	100.00%	20	2031	N/A	N/A	Medco
Main Pass (Blocks 64 and 65) (Lease Agreement)[5]	2004	75.00%	28.4	EOP	N/A	N/A	Medco
Libya:							
Development Properties							
Area 47 (EPSA)	2005	50.00%	6,182	Five years exploration, 25 years production	6.85	6.85	Nafusah Oil Operation BV[6]
Tunisia:							
Producing Properties							
Bir Ben Tartar Block (PSC)	2014	100.00%	352	2041	35	35	Medco
Adam Block (Royalty and Tax)	2014	5.00%	860	2033	50	50	ENI
Development Properties							
Cosmos Block (Royalty and Tax)	2014	80.00%	440	2035	50	50	Medco
Yasmin Block (Royalty and Tax)	2014	100.00%	96	2020	50	50	Medco
Exploration Properties							
Sud Remada (PSC)	2014	100.00%	3,516	2018	35	35	Medco
Borj El Khadra Block (Royalty and Tax)	2014	10.00%	2,964	2020	50	50	ENI
Jenein Block (PSC)	2014	65.00%	312	2018	30	30	Medco
Hammamet Block (PSC)	2014	54.00%	3,740	2018	40	40	Medco

Contract Area (Type)[2]	Date of Acquisition	Effective Interest[3]	Gross Area (Km²)	Contract Expiry Date	Share to Contractor[1] Profit Crude Oil (%)	Share to Contractor[1] Profit Natural Gas (%)	Operator
Oman:							
Producing Properties							
Karim Small Fields (Service Agreement)	2006	51.00%	781	2040	12-30	N/A	Medco
Exploration Properties							
Block 56 (PSC)[5]	2014	50.00%	5,808	three years exploration	25	30	Medco
Yemen:							
Producing Properties							
Block 9 Malik (PSC)	2008	21.25%	4,728	2030[8]	30	N/A	Calvalley Petroleum (Cyprus) Ltd

Notes:

(1) Effective post-Government tax and post-cost recovery. Prior to any potential DMO and any local government taxes.

(2) For details of production arrangements and contract types in Indonesia see "Regulatory Overview" elsewhere in this Offering Circular.

(3) Effective interest is presented net of the participating interests of our partners (if any) but gross of all Government participating interests.

(4) As of December 31, 2018, Medco Energi US LLC was contingently liable in the amount of approximately US$13.8 million for bonds issued on Medco Energi US LLC's behalf to the United States Bureau of Energy Management and previous sellers of the assets. As part of Medco Energi US LLC's sale of its Main Pass assets, Sanare Energy Partners LLC has replaced the foregoing surety obligations and the United States Bureau of Ocean Energy Management is in the process of administratively changing the surety obligations to reflect the replacement.

(5) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

(6) Comprised of the Libya Investment Authority, Medco International Ventures Ltd. and National Oil Corporation.

(7) On March 22, 2019, we exercised our preemption right and signed a Share Sale and Purchase Agreement with KEC Gulf Holdings Limited to increase our interest through our subsidiary, Medco LLC. The Share Sale and Purchase Agreement is expected to close after we receive approval from the Oman government's Ministry of Commerce and Industry. We expect to have an effective 58.5% interest upon completion of the foregoing transactions.

(8) For production over 25,000 BOPD.

Reserves and Resources

From time to time, we engage independent petroleum engineering consultants to estimate or assess the reserves at each of our major production blocks.

Estimations or assessments have been prepared by Gaffney, Cline, & Associates, an independent petroleum engineering consultant for the blocks listed below as of the dates indicated:

Asset	Reserves Date
Block A, Aceh	December 31, 2018
Senoro-Toili (Senoro Gas Field)	October 31, 2018
South Natuna Sea Block B	September 30, 2018
South Sumatra Block	December 31, 2017
Tarakan	December 31, 2017
Lematang (Singa Field)	December 31, 2017

Estimates on reserves for assets that are not listed above and which amount to approximately 31.7% of our gross working interest proved oil and gas reserves and 41.4% of our gross working interest proved and probable reserves as of December 31, 2018 are estimated by us based on our own investigations and prior reserve estimates or assessments by reputable international consultants. Investors should note that the above-mentioned estimations or assessments made by us, may differ from the bases of estimation for reserves and resources used by other companies in the industry.

For a description of the meaning of gross working interest proved reserves, gross working interest proved and probable reserves and gross proved and probable and possible reserves as of the reference dates set out in this Offering Circular, please see "Notice to Investors—Presentation of Oil and Gas Reserves Data." These gross working interest values are calculated based upon our portion of the estimated gross proved reserves and gross proved and probable reserves attributable to our effective working interest, which have been derived from reserves estimations or assessments as of their effective dates and then deducting production, without accounting for reserves appreciation or depreciation, at each production block over the period from the respective estimations or assessments effective date (if a block has been so earlier estimated or assessed) to December 31, 2018. If a recent reserves estimations or assessments for a block is unavailable, the estimates have been derived by our internal technical team based on guidelines promulgated by the Society of Petroleum Engineers in the SPE-PRMS. To the extent that we have presented our gross working interest reserves on the basis of our effective working interest under the applicable contractual arrangement and not in accordance with SPE-PRMS guidelines, we and not our independent petroleum engineering consultants are responsible for such data. However, our independent petroleum engineering consultants are responsible for the reserves data prior to adjustment for the effective working interest. Certain of these reserve estimations or assessments may include projections, forecasts or other forward-looking statements and any such information does not form part of this Offering Circular.

The following table sets forth the reserves for each of our blocks, excluding our exploration blocks and certain development blocks for which reserves have not yet been estimated, as of December 31, 2018.

	As of December 31, 2018								
	Gross Working Interest Proved Reserves[1]			Gross Working Interest Proved and Probable Reserves[1]			Gross Working Interest Proved and Probable and Possible Reserves[1]		
	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)
Indonesia:									
Producing Properties									
Rimau	—	11	11	—	17	17	—	24	24
South Sumatra	96	8	27	106	9	30	117	10	33
Lematang (PSC)	27	—	4	31	—	5	34	—	5
Tarakan (PSC)	0	1	1	0	2	2	1	2	2
Senoro-Toili (Tiaka Field)	—	1	1	—	2	2	—	2	2
Senoro-Toili (PSC-JOB)	322	7	70	330	8	72	337	8	73
South Natuna Sea Block B	47	6	15	61	8	19	87	11	28
Development Properties									
Block A, Aceh (PSC)	213	5	35	213	8	38	213	10	40
United States:									
Producing Properties									
Main Pass (Blocks 64 and 65) (Lease Agreement)[1]	17	3	6	25	4	8	25	4	8

	As of December 31, 2018								
	Gross Working Interest Proved Reserves[1]			Gross Working Interest Proved and Probable Reserves[1]			Gross Working Interest Proved and Probable and Possible Reserves[1]		
	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)	Gas (BCF)	Oil (MMBBLS)	Total (MMBOE)
Libya:									
Development Properties									
Area 47 (EPSA)	36	39	45	57	61	71	57	61	71
Tunisia:									
Producing Properties									
Bir Ben Tartar Block (PSC)	—	3	3	—	9	9	—	18	18
Adam Block (Royalty and Tax)	1	0	1	2	1	1	2	1	1
Yemen:									
Producing Properties									
Block 9 Malik (PSC)	—	4	4	—	9	9	—	12	12
Total Reserves	758	89	222	825	137	282	874	164	318

Note:

(1) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Certain reserve information contained in this Offering Circular, which amounts to approximately 31.7% of our gross working interest proved oil and gas reserves and 41.4% of our gross working interest proved and probable oil and gas reserves as of December 31, 2018, has not been recently estimated or assessed by any third party, but constitutes our estimates, based on our own investigations and prior reserve estimations or assessments.

There are numerous uncertainties inherent in estimating natural gas and oil reserves, including many factors beyond the control of the Company. For a description of certain of the risks and uncertainties with respect to the Company's reserve data, see "Risk Factors—The oil and gas reserves data in this Offering Circular are only estimates and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; there are no recent reserve estimations or assessments available for a significant portion of our reserves, and the oil and gas reserves data for these blocks are based on our internal estimates. In addition, probable reserves are generally believed to be less likely to be recovered than proved reserves."

Contingent Resources

Contingent resources are quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.

The contingent resources set forth below are presented based on the "best estimate" scenario of contingent resources, or "2C," meaning that the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts has been assessed to be at least 50%. The following table sets forth the contingent resources regarding our oil and gas assets based on the independent third-party estimations or assessments as of their effective dates and our or the relevant operator's estimates as of December 31, 2018 on a gross 100% field basis multiplied by our working interest in each block:

	As of December 31, 2018		
	Oil	Gas	Total
	(MBBLS)	(MMSCF)	(MBOE)
Indonesia:			
Producing Properties:			
South Sumatra	3,800	113,400	25,650
Tarakan (PSC)	2,200	1,900	2,561
Lematang (PSC)	—	55,600	8,502
Senoro-Toili (PSC-JOB)	17,550	818,100	176,096
South Natuna Sea Block B	18,000	126,400	41,582
Block A, Aceh	9,775	1,121,732	168,212
Simenggaris	—	92,745	16,073
Libya			
Development Properties:			
Area 47 (EPSA)	30,503	95,109	46,355
Yemen			
Producing Properties:			
Block 9 Malik (PSC)	2,828	16,419	5,564
Total	84,656	2,441,405	490,594

Production

Our oil and gas activities are focused on Indonesia, where we focus on upstream activity, exploration, development and production of crude oil and natural gas. We have interests in 10 oil and gas properties in Indonesia, eight of which are currently producing; and in oil and gas properties in four countries outside of Indonesia, four of which are currently producing. Our oil and gas properties that are not currently producing are at various stages of exploration and development. The basis for the oil production numbers are gross 100% field basis multiplied by our working interest in each block:

Oil Production

	For the Year Ended December 31,		
	2016	2017	2018
		BOPD	
Indonesia:			
Rimau	9,826	9,041	8,233
South Sumatra	5,198	5,468	5,244
Tarakan	1,941	1,779	1,561
Senoro-Toili[(1)]	2,516	2,242	2,292
South Natuna Sea Block B[(2)]	617	7,162	6,777
Bawean	635	—	—
Block A, Aceh	—	—	146

	For the Year Ended December 31,		
	2016	2017	2018
	BOPD		
International:			
Main Pass (Blocks 64 and 65) (Lease Agreement)	413	381	318
Bir Ben Tartar Block (PSC)	1,135	858	825
Adam (Concession)	207	145	181
Karim Small Fields (Service Agreement)	8,295	7,983	7,193
Block 9 Malik (PSC)	0	0	0
Total Production	30,784	35,060	32,771

Notes:

(1) Includes production from both (i) the Senoro-Toili (Senoro Gas Field), which have been estimated by us based on estimates as of November 30, 2016 by Gaffney, Cline & Associates and (ii) the Senoro-Toili, Tiaka field, which is Senoro-Toili's oil field, which have been estimated by us based on other prior estimations or assessments.

(2) From December 1, 2016.

Gas Production

	For the Year Ended December 31,		
	2016	2017	2018
	MMCFD		
Indonesia Assets			
Rimau	—	3,761	3,680
South Sumatra Extension	62,197	66,501	66,792
Tarakan	842	1,107	1,478
Senoro-Toili	95,648	88,161	91,927
Lematang	37,831	32,069	25,151
South Natuna Sea Block B[1]	7,596	85,153	81,158
Simenggaris	107	46	47
Block A, Aceh	—	—	5,990
International:			
Main Pass (Blocks 64 and 65) (Lease Agreement)[2]	270	—	
Bir Ben Tartar Block (PSC)	—	—	1,326
Karim Small Fields (Service Agreement)	—	—	—
Adam (Concession)	1,465	1,233	1,766
Block 9 Malik (PSC)	—	—	—
Total Production	**205,954**	**278,031**	**279,316**

Notes:

(1) From December 1, 2016.

(2) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Hydrocarbon Production

	For the Year Ended December 31,		
	2016	2017	2018
		BOEPD	
Indonesia Assets			
Rimau	9,826	9,684	8,862
South Sumatra Extension	15,830	18,281	18,113
Tarakan	2,085	1,989	1,841
Senoro-Toili	18,866	19,328	20,108
Lematang	6,467	4,903	3,846
South Natuna Sea Block B[1]	1,916	23,049	21,919
Bawean	635	—	—
Simenggaris	18	8	8
Block A, Aceh	—	—	992
International:			
Main Pass (Blocks 64 and 65) (Lease Agreement)[2]	458	381	318
Bir Ben Tartar Block (PSC)	1,135	858	1,052
Karim Small Fields (Service Agreement)	8,295	7,983	7,193
Adam (Concession)	451	356	483
Block 9 Malik (PSC)	—	—	—
Total Production	**65,982**	**86,821**	**84,735**

Notes:

(1) From December 1, 2016.

(2) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Oil Lifting

	For the Year Ended December 31,		
	2016	2017	2018
		MBOPD	
Indonesia Assets			
Rimau	9.21	8.96	8.27
South Sumatra	5.22	5.44	5.25
Tarakan	2.01	1.75	1.60
Senoro-Toili	2.51	2.25	2.31
Senoro Tiaka	0.05	—	—
Lematang	—	—	—
Bawean	0.62	—	—
South Natuna Sea Block B[1]	0.74	6.94	7.36
International:			
East Cameron (Blocks 317 and 318) (Lease Agreement)[2]	—	—	—
East Cameron (Block 316) (Lease Agreement)[2]	—	—	—
Main Pass (Blocks 64 and 65) (Lease Agreement)[3]	0.39	0.38	0.32
Tunisia	0.75	0.48	1.36
Karim Small Fields (Service Agreement)	8.29	7.98	7.19
Block 9 Malik (PSC)	—	—	—
Total	**29.79**	**34.19**	**33.67**

Notes:

(1) From December 1, 2016.

(2) As of December 31, 2018, Medco Energi US LLC was contingently liable in the amount of approximately US$13.8 million for bonds issued on Medco Energi US LLC's behalf to the United States Bureau of Energy Management and previous sellers of the assets. As part of Medco Energi US LLC's sale of its Main Pass assets, Sanare Energy Partners LLC has replaced the foregoing surety obligations and the United States Bureau of Ocean Energy Management is in the process of administratively changing the surety obligations to reflect the replacement.

(3) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Gas Sales

	For the Year Ended December 31,		
	2016	2017	2018
		BBTUPD	
Indonesian Assets			
Rimau	—	—	—
South Sumatra	63.99	68.61	71.98
Tarakan	0.92	0.95	1.37
Lematang	36.77	26.14	20.22
Senoro-Toili	101.65	95.03	98.73
Senoro-Tiaka	—	—	—
South Natuna Sea Block B(1)	7.00	81.49	70.51
Simenggaris	0.03	0.04	0.04
Block A, Aceh	—	—	3.55
International:			
Main Pass (Blocks 64 and 65) (Lease Agreement)(2)	0.26	—	—
Tunisia	1.53	1.15	1.35
Karim Small Fields (Service Agreement)	—	—	—
Block 9 Malik (PSC)	—	—	—
Total	**212.15**	**273.41**	**267.75**

Notes:

(1) From December 1, 2016.

(2) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Hydrocarbon Sales

	For the Year Ended December 31,		
	2016	2017	2018
		MBOPD	
Indonesia Assets			
Rimau	9.21	8.96	8.27
South Sumatra	16.32	17.34	17.74
Tarakan	2.17	1.92	1.84
Senoro-Toili	20.14	18.73	19.44
Senoro Tiaka	0.05	—	
Lematang	6.38	4.53	3.51
Bawean	0.62	—	
South Natuna Sea Block B(1)	1.95	21.08	19.60
Simenggaris	0.01	0.01	0.01
Block A, Aceh	—	—	0.62

	For the Year Ended December 31,		
	2016	2017	2018
	MBOPD		
International:			
Main Pass (Blocks 64 and 65) (Lease Agreement)[2]	0.43	0.38	0.32
Tunisia	1.01	0.68	1.59
Karim Small Fields (Service Agreement)	8.29	7.98	7.19
Block 9 Malik (PSC)	—	—	
Total	**66.58**	**81.62**	**80.11**

Notes:

(1) From December 1, 2016.

(2) On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000.

Exploration and Development

We are involved in both exploration (the search for oil and gas) and development (the drilling and development of facilities) to bring oil and gas into production and to market. Our exploration operations include aerial surveys, geological and geophysical studies (such as seismic surveys), drilling of wildcat wells, core testing and well logging.

Seismic surveys involve recording and measuring the rate of transmission of shock waves through the earth with a seismograph. Upon striking rock formations, the waves are reflected back to the seismograph. The time lapse is a measure of the depth of the formation. The rate at which waves are transmitted varies with the medium through which they pass. Seismic surveys may either be 3D or 2D surveys, the former type generally giving a better detailed picture and the latter a better overall picture.

Analysis of the data produced allows us to formulate a picture of the underground strata to enable us to form a view as to whether there are any "leads" or "prospects." "Leads" are preliminary interpretation of geological and geophysical information that may or may not lead to prospects and "prospects" are geological structures conducive to the production of oil and gas. The actual existence of such oil and gas must be confirmed, usually by the drilling of a wildcat well. If the wildcat well confirms the prospect (that is, is considered "successful"), we may then drill a delineation (or appraisal) well to acquire more detailed data on the reservoir formation. Once the presence of hydrocarbons is proved to be in commercially recoverable quantities, or the delineation well is "successful", development wells may be drilled to prepare for production. An area is considered to be developed when it has a well on it capable of producing oil or gas in paying quantities. We may also "work over" producing wells (wells that produce oil or gas) to restore or increase production and rework producing wells and abandoned wells (wells which are no longer in use) in an effort to begin, restore or increase production from those wells.

We plan to continue to replace depleting reserves and add reserves through selective low-risk exploration and development on our existing Indonesian PSCs. We have identified over 48 leads and 47 prospects in our Indonesian producing, development and exploration blocks. We currently plan to spend between US$20 million to US$40 million per year on exploration activities close to existing infrastructure at our South Sumatra asset and South Natuna Sea Block B PSC.

Description of Key Oil and Gas Properties

Key Producing Blocks in Indonesia

Our production blocks are managed in three main business units. These are our (i) South Sumatra asset (the Rimau PSC, South Sumatra PSC and Lematang PSC), (ii) the offshore South Natuna Sea Block B PSC, and (iii) the Senoro-Toili JOB. We also manage the smaller Tarakan PSC. Going forward, we expect that a larger

percentage of our production will consist of production from Senoro-Toili, South Natuna Sea Block B and Block A, Aceh, as certain of our existing blocks, including Rimau PSC and South Sumatra PSC are in the mature stage of production. In 2017 and 2018, our key producing blocks in the aggregate accounted for 76.7% and 75.1% of oil and gas revenue, respectively.

Rimau

Location:	South Sumatra
Area (sq. km):	1,103
Status:	Production
Type of Contract:	PSC
Expiry:	2043
Participating Interests:	95.0% PT Medco E&P Rimau (wholly owned by us) 5.0% South Sumatra Regency (Perusahaan Daerah Pertambangan & Energi/ PDPDE)
Operator:	PT Medco E&P Indonesia

Background. Oil production from the Rimau block began in 1986, and we acquired an operating interest in the block in 1995. The block became a significant oil producing operation when we discovered the Kaji-Semoga fields in September 1996. We also discovered gas reserves at the Kaji-Semoga fields.

On December 27, 2018, Medco acquired the PSC extension of the Rimau Block up to 2043 with firm working commitments valued at US$41 million, including seismic studies, exploration drilling, horizontal multi-stage hydraulic fracturing and an extended pilot enhanced oil recovery program.

Key Fiscal Terms. After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 26.8% and the Government's share is 73.2%. For natural gas, the PSC participants' share is 62.5% and the government's share is 37.5%. A portion of the PSC participants' profit oil share is subject to DMO, but the participant's profit gas share is not subject to DMO.

Sales. We have a Crude Oil Sale and Purchase Agreement ("COSPA") with Lukoil Asia Pacific Pte Ltd. for the sale of our oil entitlement from this block. Under this agreement, Lukoil is required to make certain prepayments with respect to their off-take obligations.

Development Strategy. We aim to minimize production decline on our existing wells and improve recovery rates by drilling further producing wells and potentially implementing an enhanced oil recovery program. We conducted 20 workover jobs (including 17 fracturing jobs) in 2018. In the future, we plan to drill one exploration well and conduct a 2D seismic study to find new prospects in the surrounding area and to fulfill our commitment stated in the approved PSC contract extension.

In addition, the Rimau PSC includes the Iliran High heavy oil discovery with approximately 440 MMBOE of contingent resources, with an expected recovery factor of approximately 85%. In 2017 and 2018, we drilled one small-hole and two big-hole wells. This pilot program is continuing in 2019 as we assess the optimum development scenario while using fit-for-purpose technology. The pilot program has used adapted mining rigs with small bore sizes which we believe reduce drilling costs by approximately 97% compared to conventional drilling rigs.

The Rimau PSC also contains the Telisa oil discovery with approximately 194 MMBOE of contingent resources. In 2017, we began to apply hydraulic fracking technology on 19 wells. As we refined our capabilities, the program continued in 2018 with 17 wells completed. We currently plan to undertake a more effective and efficient fracking campaign in 2019 targeting nine wells to be executed, as well as horizontal multi-stage drilling

pilot. The fracking program uses rigs owned and operated by us. To further minimize production decline, we plan to convert 11 wells from gas lift to Electric Submersible Pump with initial gain target up to 130 bopd.

On February 14, 2019, we received a 20-year extension for the Rimau PSC from the Government with several firm commitments including in respect of exploration drilling, seismic activities, and horizontal multi-stage hydraulic fracturing.

South Sumatra

Location:	South Sumatra
Area (sq. km):	4,470
Status:	Production
Type of Contract:	PSC
Expiry:	2033
Participating Interests:	100.0% PT Medco E&P Indonesia (wholly owned by us)
Operator:	PT Medco E&P Indonesia

Background. Gas production from the South Sumatra Block began in 1989 and was acquired by us in 1995. This block was awarded a PSC contract extension until 2033.

Key fiscal terms. After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 19.6% and the Government's share is 80.4%. For natural gas, the PSC participants' share is 43.1% and the government's share is 56.9%. A portion of the PSC participants' profit oil share and profit gas share is subject to DMO.

Sales—Oil. We have a Crude Oil Sale and Purchase Agreement with Lukoil Asia Pacific Pte Ltd. for the sale of our oil entitlement from this block.

Sales—Gas. We have several fixed price GSAs with various buyers: PT Pupuk Sriwidjaja, a subsidiary of one of the largest state-owned fertilizer companies in Indonesia, PT Meta Epsi Pejebe Power Generation ("Meppogen") an independent power producer, PLN and PGN.

Development Strategy. In 2016, we drilled 13 workover wells and installed four electrical submersible pumps. The field contains the Arung-Nowera gas discovery with the potential to recover an estimated 24 BCF of gas. The field also contains the Temelat gas discovery with the potential to recover an estimated 38.5 BCF of gas. Both Arung-Nowera and Temelat are currently in an ongoing development plan process, with the plan of development of Arung-Nowera already approved in November 2018. First gas for Temelat is expected in 2020, and for Arung-Nowera, first gas is expected in late 2021. We are also assessing the North Temelat oil discovery to recover an estimated 3.0 MMBOE of oil potentially beginning in the third quarter of 2020. To further minimize production decline, we plan to install 13 Electrical Submersible Pumps (ESPs) by the end of 2019 with an initial gain target up to 555 bopd. There was a discovery of 27 TBTU of gas at the Nowera-1 exploration well. First gas is expected in 2021.

Senoro-Toili

Location:	Sulawesi
Area (sq. km):	451
Status:	Production
Type of Contract:	PSC-JOB
Expiry:	2027
Participating Interests:	30.0% PT Medco E&P Tomori Sulawesi 50.0% PT Pertamina Hulu Energi Tomori Sulawesi 20.0% Tomori E&P Limited
Operator:	JOB Pertamina-Medco E&P Tomori Sulawesi ("JOB-PMEPTS")

Background. We acquired our interest in this block in 2000. The block consists of two areas: Senoro (onshore), which covers 188 sq. km and contains our largest gas reserves, and Toili (offshore), which covers 263 sq. km and contains the Tiaka field in Toili, which has produced a high quality condensate since 2005 (approximately 1.5 MBOPD). We applied for an extension of this PSC in the fourth quarter of 2018.

Key Fiscal Terms. The key fiscal terms of the PSC are as follows: After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 62.5% and the Government's share is 37.5%. For natural gas, the PSC participants' share is 71.4% and the government's share is 28.6%. A portion of the PSC participants' profit oil share is subject to DMO, but the participant's profit gas share is not subject to DMO.

Oil

Sales—Condensate. We have an agreement with Petro Diamond Singapore (Pte.) Ltd. to sell our entire liquid entitlement from production at this block.

Gas

Upstream Sector

The Senoro field started production on time and on budget in August 2015. The production facilities now have a capacity of up to 340 MMSCFD.

JOB-PMEPTS signed a GSA with DSLNG to supply 250 MMSCFD of gas in 2009. In addition, JOB-PMEPTS also entered into an agreement with PT Panca Amra Utama in March 2014 to supply 55 MMSCFD of gas to an ammonia plant for which the price is linked to ammonia prices in the South East Asia market.

In 2016, a further 880 BCF of gross 100% field 1C contingent resources were estimated or assessed by an independent third party compared to the independent third party's assessment in 2014. The potential development scenarios to monetize these resources are currently being evaluated. Front end engineering and design is ongoing and the final investment decision with respect to the preferred development scenario is expected to be made in the second half of 2019. This Phase II development is planned to begin following the commencement of gas production and sales from our Aceh gas development project. We have entered into a memorandum of understanding for potential GSAs. The Phase II development is expected to increase production from the Senoro field from 2021. A plan of development has submitted in 2018.

Downstream Sector

Our involvement in the downstream sector is through DSLNG, a joint venture company established in 2007 by a consortium consisting of PT Medco LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi

Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi. The downstream LNG plant has a capacity of approximately 2.1 million tons per annum located at Banggai Regency, Central Sulawesi. The plant is contracted to take the Phase I 1.44 TCF from the Senoro gas reserves and 0.70 TCF from the Matindok gas field owned by Pertamina.

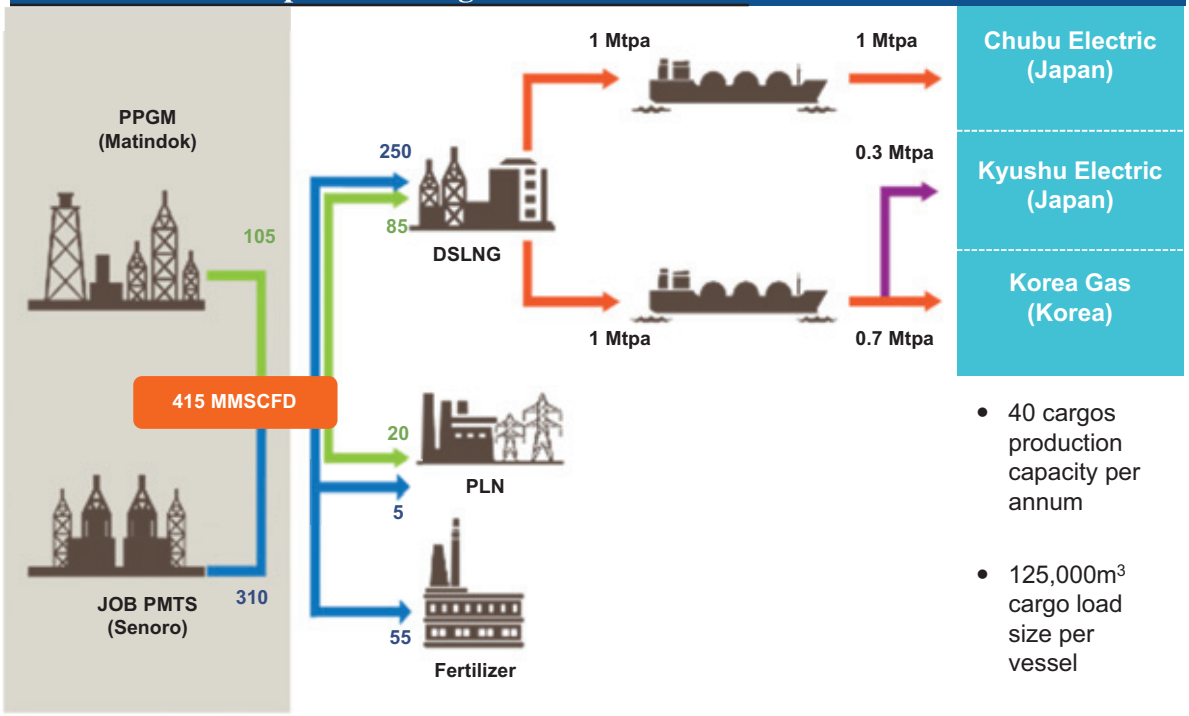
DSLNG is the first project in Indonesia to use an upstream-downstream LNG structure whereby the downstream LNG business is set up as a separate business entity from the upstream business activity. Within this scheme, DSLNG purchases gas from the upstream sector, operates the LNG plant, and sells LNG to international customers.

In January 2009, DSLNG entered into a GSA pursuant to which the Senoro Gas Field agreed to supply 277.8 BBTUD (250 MMSCFD) of gas for a term of 15 years at a price based on the JCC. Due to the late completion of Pertamina's Matindok gas field, the Senoro field has supplied an average of above 300 MMSCFD, which is above the contracted volume of 250 MMSCFD, since first production.

More than 1.4 TCF of Senoro's gas is expected to be supplied to the downstream LNG plant, which will then sell to three LNG buyers being, KOGAS, Chubu Electric Power Co. Inc ("CE"), and Kyushu Electric Power Co. Inc. ("QE"). The LNG Sale & Purchase Agreement ("LNG SPA") with KOGAS dated January 2011 has total commitment of 0.7 million ton per annum, the CE LNG SPA dated June 2012 is for the supply of 1.0 million ton of LNG per annum, and QE LNG SPA also dated May 2012 has commitment for the shipment of 0.3 million ton of LNG per annum.

The DSLNG plant was inaugurated by President Joko Widodo in August 2015 and the first LNG shipment was delivered in September 2015. In 2016, 39 cargos were sold to three long-term buyers or otherwise on the spot market. A total of 42 cargos are currently estimated to have been sold in 2017.

Senoro Gas Development – Integrated infrastructure



- 40 cargos production capacity per annum
- 125,000m^3 cargo load size per vessel

Schematic indicates contracted volumes

Lematang

Location:	South Sumatra
Area (sq. km):	409
Status:	Production
Type of Contract:	PSC
Expiry:	2027
Participating Interests:	51.1% PT Medco E&P Lematang (wholly owned by us) 23.0% Lematang E&P Limited (wholly owned by us) 25.9% Medco Lematang BV (wholly owned by us)
Operator:	PT Medco E&P Lematang

Background. The Lematang PSC contains the Harimau oil field, which was discovered in 1989, and the Singa gas field, which was discovered in 1997. BP MIGAS approved the development plan for this block in 2008. We successfully completed the construction of production facilities and produced first gas in 2010, using advanced technology. The Singa-3 was the first well in Indonesia to be drilled horizontally using managed pressure drilling technology, applicable for wells of extreme conditions (high temperature, high pressure). Currently, Lematang has two active gas wells. In the first quarter of 2016, we obtained an extension of the Lematang PSC until 2027.

Key Fiscal Terms. After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 28.8% and the Government's share is 71.2%. For natural gas, the PSC participants' share is 57.7% and the government's share is 42.3%. A portion of the PSC participants' profit oil share and profit gas share is subject to DMO.

Sales. Gas is sold under a fixed-price long-term GSA to PLN.

Development Strategy. We are currently studying options for further development of this block.

South Natuna Sea Block B

Location:	Riau Island
Area (sq. km):	11,155
Status:	Production
Type of Contract:	PSC
Expiry:	2028
Participating Interests:	Medco E&P Natuna Ltd. 40% (wholly owned by us) Prime Natuna Energy Pte. Ltd 25% Medco South Natuna Sea 35% (an affiliate of our Company)
Operator:	Medco E&P Natuna Ltd.

Background. In November 2016, we acquired the companies owning a 40% participating interest in the South Natuna Sea Block B PSC and the related Singapore based gas receiving facilities. We now operate the PSC and the facilities located in the Natuna Sea in approximately 300 feet of water with one FPSO, one FSO, four central processing platforms, seven wellhead platforms, four producing subsea fields, and offshore support vessels. Production at this block began in 1979. The facilities support three producing oil fields together with 16 natural gas fields in various stages of development, eight of which are currently producing. We operate an onshore supply base on Matak Island in the Anambas Regency providing logistical support with facilities for helicopters, fuel and accommodations and a 1,190 meter airstrip. The offshore facility houses nearly 370 people with a further 420 providing onshore support in Jakarta. The Singapore gas is shipped from the PSC through the

656 kilometer West Natuna Transportation System pipeline to an onshore receiving facility in Singapore. Both the pipeline and the facility are operated by us and the pipeline also serves other working interest holders at two other blocks in the area, including the working interest holders of South Natuna Sea Block A, Aceh PSC, which include Premier Oil, Petronas, Kuwait Foreign Petroleum Exploration Company, Pertamina and PTT Exploration and Production Public Company Limited.

Key Fiscal Terms. After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 28.8% and the Government's share is 71.2%. For natural gas, the PSC participants' share is 67.3% and the government's share is 32.7%. A portion of the PSC participants' profit oil share is subject to DMO, but the participants' profit gas share is not subject to DMO.

Sales. South Natuna Sea Block B, has been selling its gas to two customers in Singapore (Sembgas Corp) and Malaysia (Petronas) under two long-term GSAs since 2001 and 2002, respectively. Pricing under the Sembgas contract and a portion of the Petronas contracts are linked to HSFO. We have a COSPA with Lukoil Asia Pacific Pte Ltd. for the sale of our oil entitlement from this block. Under this agreement, Lukoil is required to make certain prepayments with respect to their off-take obligations.

Development Strategy. Fields within the South Natuna Sea Block B PSC are not ring fenced for cost recovery within the PSC. This allows the immediate cost recovery of exploration and development expenditures on non-producing fields from other producing fields within the same PSC. This provides favorable economics for exploration and development expenditures.

In 2018, FSO Barakuda Natuna (replacing Intan FSO) was successfully installed in October, and commenced first lifting in November. The two pilot wells were completed safely in November 2018 and are now on hold for further evaluation. The Buntal field development is in progress, and the project is targeted to be onstream by the third quarter of 2019. With respect to production enhancement efforts, we successfully carried out our pilot electric submersible pump program at the Belida well, and workover programs at the Kerisi and Belida wells, with significant oil and gas production gains.

Commencement of exploration activities in finding new oil and gas reserves started with 3D seismic sea surveys at the Tuna field and was completed in September 2018. In October 2018, exploration drilling in South West Bawal was completed, and the results are being evaluated. Another development program for additional oil reserves will be carried out at the Forel field development.

Block A, Aceh

Location:	Aceh, North Sumatra
Area (sq. km):	1,680.5
Status:	Development
Type of Contract:	PSC
Expiry:	2031
Participating Interests:	85.0% PT Medco E&P Malaka (wholly owned by us) 15.0% Kris Energy (Aceh) B.V.
Operator:	PT Medco E&P Malaka

Background. Exploration for deeper gas in Block A, Aceh took place in the 1970s through the 1980s, resulting in five discoveries: Alur Siwah, Alur Rambong, Julu Rayeu, Bata/Peulalu and Kuala Langsa. Plans of development have been prepared for Alur Siwah, Alur Rambong and Julu Rayeu. We acquired our participating interests in 2006 (16.67%) and 2007 (25.0%) and became the operator in 2007. A 20-year extension for the Block A, Aceh PSC was obtained in 2011. In 2016, we acquired a 16.67% participating interest from Japex Block A

Ltd., and in 2017 a further 26.67% from Kris Energy (Aceh) B.V. In 2016, we also signed an Engineering Procurement and Construction ("EPC") contract with PT JGC Indonesia and PT Encona Inti lndustri for US$240.0 million as well as an EPC for flowline, trunkline, and pipeline construction with PT Kelsri. Total investment costs for the first phase of this block are estimated to be approximately US$540 million. The lump sum nature of the EPC Contract provides us with greater cost certainty for the development of this block. In July 2017 we obtained project financing for the development of this block of US$360.0 million, and do not expect to make further equity contributions for its development.

Key Fiscal Terms. After deduction for the FTP and allowing for cost-recovery, the Government and the PSC participants share the remaining petroleum in accordance with the parties' profit oil shares and profit gas shares. For crude oil, the PSC participants' share is 25.0% and the Government's share is 75.0%. For natural gas, the PSC participants' share is 58.3% and the government's share is 41.7%. A portion of the PSC participants' profit oil share and profit gas share is subject to DMO.

Sales. In January 2015, we signed a GSA with Pertamina to sell in a TCQ DF198 TBTU of gas. Gas supply for Phase I of Block A, Aceh, commenced in the first half of 2018 and continue for a period of 13 years. There are no penalties expected under the GSA with respect to development of the block.

Development Strategy. In addition to the five discoveries mentioned above, we drilled a successful exploratory well on the Matang field in 2013. The Matang-1 well has gas flow at a rate of up to 25 MMSCFD with low hydrogen sulfide content. Further appraisal of this field together with the other gas discovery on the block, Kuala Langsa, will commence after the current Block A, Aceh development is completed. The Matang field contains gross recoverable and in-place gas resources of 82 BCF and 116 BCF, respectively, while the high CO2 Kuala Langsa field is expected to allow the recovery of up to 0.9 TCF with 6.4 TCF in place, on a gross basis. The current development scenario for the Matang field is for us to develop an IPP gas-fired power plant to sell electricity into Sumatra. We have submitted a proposal to the Ministry of Energy for our "Gas to Power" plan for the Matang field in 2017. This was accompanied by a letter of support from the Aceh governor.

Block A, Aceh contains at least five gas fields, three of which are included in the approved development plan (Alur Siwah, Alur Rambong and Julu Rayeu), which could potentially deliver up to 63 BBTU/D of gas and 1,350 BPD of condensate. Up to three drilling phases and a central processing plant (which is under construction) are located at the Alur Siwah field. Overall project development and the central processing plant are nearly completed. Commissioning work at the Alur Siwah wellsite has been completed, and the first gas sales were conducted in August 2018.

Key International Blocks

Block 56, The Sultanate of Oman

Location:	The Sultanate of Oman
Area (sq. km):	5,808
Status:	Exploration
Type of contract:	PSC
Expiry:	2017 for the first exploration phase with an option to extend the exploration phase for another three years to 2020. Thereafter, there will be a 20-year production phase, which can be extended for another five years.
Participating interests:	50.0% Medco Arabia Ltd 25.0% Biyaq LLC 25.0% Intaj LLC
Operator:	Medco Arabia Ltd

Background. In November 2014, our subsidiary, Medco Arabia Ltd, entered into the contract for the exploration and production of Block 56 in Oman with the Government of Oman, and its local partner, Intaj LLC.

Block 56 is located in a productive hydrocarbon basin, the Oman Salt Basin. We have complied with our minimum work obligations for the first exploration phase in the amount of US$10.6 million and expect to conduct a seismic study later this year and seismic execution in 2020. We have secured the extension of the exploration phase under the PSC until 2020. On March 22, 2019, we exercised our preemption right and signed a Share Sale and Purchase Agreement with KEC Gulf Holdings Limited to increase our interest through our subsidiary, Medco LLC. The Share Sale and Purchase Agreement is expected to close after we receive approval from the Oman government's Ministry of Commerce and Industry. We expect to have an effective 58.5% interest upon completion of the foregoing transactions.

Strategy. The location of Block 56 is adjacent to Karim Small Fields ("KSF"), with similar geological characteristics. We expect to have operational synergy with KSF going forward, as it is also operated by us. In 2016, we completed geological and geophysical studies including 2D seismic reprocessing. Block 56 is estimated to contain up to 370 million barrels of oil. In 2018, we completed the drilling of three exploration wells and the exploration period was extended for two years.

Oman, Karim Small Fields, Service Contract

Location:	Oman
Area (sq. km):	781
Status:	Producing
Type of Contract:	Service contract with Petroleum Development Oman LLC
Expiry:	2040
Participating Interests:	Medco LLC (Oman) 51% (68% owned by us) Oman Oil Company 25% Kuwait Energy 15% Vision Oil & Gas 5% PetroVest 4%
Operator:	Medco LLC (Oman)

Background. In January 2006, we, through Medco LLC (Oman), were awarded the right to enter into a service contract with Petroleum Development Oman LLC ("PDO") to operate and manage the Karim Small Fields in Oman. We entered into a 10-year service contract with PDO ("Service Contract") effective in 2006, pursuant to which we are entitled to recover all of our costs (up to a level not to exceed 30.0% of production).

In March 2006, we entered into a Participating and Economic Sharing Agreement ("PESA") with Oman Oil Company S.A.O.C. ("Oman Oil"). Under the terms of the PESA, we and Oman Oil agreed jointly to develop the Karim Small Fields and to share in the costs and expenses relating to the Service Contract, with us taking a 75% participating interest and Oman Oil taking a 25% participating interest. As we are the responsible party under the Service Contract, under the PESA, we have the exclusive right to provide the services as required by the Service Contract. In April 2015, Medco LLC (Oman) signed a new Amendment and Restated Service Contract extending the term of the contract to 2040.

Strategy. In 2015, we completed geological and geophysical studies including certain 3D seismic studies. We also drilled three exploration wells in 2016 resulting in one well discovery in Hala South West-1 (HJSW-1) with initial production of 100 BOPD. The HJSW-1 discovery was appraised in 2017 and the field was connected to the Karim Small Fields production grid in 2018. The exploration project continued in 2018 with our drilling of two exploration wells, which resulted in another discovery in Hajal North East-1 (HJNE-1) with initial production of 160 BOPD. We drilled an appraisal well at the Hajal North East discovery in 2019 and have followed this up with field development.

We have committed to drill nine exploration wells and we have completed five wells, achieving a 40% success rate. The remaining exploration and appraisal wells which we have committed to drill are expected to be

completed in 2019 (two wells) and 2020 (two wells). Subsequently, we plan to drill 20 wells per year for the next five years. Current projects in our KSF portfolio include two ongoing water flood projects and two ongoing enhanced oil recovery pilot projects. We also plan to undertake an additional pilot water flood project and three pilot enhanced oil recovery projects in 2020.

Libya, Area 47

Location:	Libya
Area (sq. km):	6,182
Status:	Exploration and Development
Type of Contract:	EPSA IV
Expiry:	2030
Participating Interests:	50.0% Medco International Ventures Ltd. (wholly owned by us) 50.0% Libyan Investment Authority ("LIA")
Operator:	Medco International Ventures Ltd. (with respect to development, the operator is Nafusah Oil Operation B.V. (which is 24.5% owned by Medco International Ventures Ltd., 24.5% owned by LIA and 51.0% owned by the National Oil Corporation))

Background. Since obtaining our participating interest in Area 47, from 2005 until 2009 a total of 20 exploration wells and six appraisal wells have been drilled, with 18 of the exploration wells showing indication of considerable oil reserves. The LIA acquired its interest in 2009 from a third party. In April 2010, we were entrusted to replace LIA as the operator for the block throughout the exploration period. Since our appointment as operator, we have drilled three exploration wells, with all showing indications of large oil discoveries.

Strategy. Due to adverse security conditions there has been no activity at this block since 2014. We have made a force majeure claim to freeze the license period for our exploration areas within this block. In 2016, we finalized the invitation-to-tender package for an engineering procurement construction contract on the development areas within this block. However, due to our assessment of the ongoing security situation, and although front-end engineering design had been completed, we believe that obtaining financing on acceptable terms for the expected scale of our operations would have been impracticable and as a result wrote off our prior expenditure on this block in 2016. In 2018, we, together with the National Oil Company (NOC), continued work on a "Fast Track Production Facilities" project execution plan, which is expected to accelerate oil production with lower initial capital expenditure. We are currently pursuing a strategy of several early production facilities in order to begin small scale oil production. However, the resumption of in-country activity will be dependent on our assessment of developments in the ongoing security situation in Libya.

Other Oil and Gas Properties

Indonesia

Tarakan. We began operations at the Tarakan PSC in 1992 and were awarded a PSC extension through 2042. Tarakan has 21 active oil wells and one active gas well. We have an agreement with Pertamina for the sale of all of our entire net entitlement of oil produced at this block. We have a fixed price GSA with PLN to supply gas for the purpose of electricity generation in the Tarakan area. In 2016, we drilled two workover wells which resulted in increased oil production. We are assessing potential exploration of this PSC but have no immediate plans for further expenditure.

Simenggaris. The Simenggaris block consists of the Sesayap and South Sembakung gas fields. In 2013, the Government of Indonesia approved the reallocation of gas supply from the Bunyu Methanol Plant to fill the need of PLN to generate power in the Eastern parts of Indonesia. We target to supply gas to meet energy needs in the vicinity, especially for the power generation sector of North, East and South Kalimantan. The plant has the capacity to supply 25 MMSCFD.

Bengara. In December 2001, we purchased 95.0% of PT Petroner Bengara Energi, which holds a 100.00% participating interest in the Bengara Block. The first drilling was conducted in June 2006, with the first discovery of gas at South Sebuku-1 in July 2009. Delineation drilling at South Sebuku-2 was subsequently conducted in July 2011. In the first quarter of 2013, we undertook an asset swap with Salamander Energy pursuant to which our participating interest in the block became 100.0%.

South Sokang. In early 2016, we acquired Medco South Sokang B.V. (formerly known as Lundin South Sokang B.V.) and operatorship of the South Sokang PSC, in the Natuna Sea. In 2016, we obtained an extension of the exploration period until December 2020.

Tunisia

In August 2014, we, through our subsidiary, Medco Tunisia Petroleum Limited, acquired a 100.0% shareholding interest in Storm Ventures International (Barbados) Limited, an oil and gas exploration and production company that operates in Tunisia. The acquisition provided us with a participating right to eight blocks in Tunisia, consisting of Adam Block, Bir Ben Tartar Block, Cosmos Block, Yasmin Block, Borj El Khadra Block, Jenein Block, Sud Remada Block and Gulf of Hammamet Block. Five onshore blocks (Adam, Sud Remada, Bir Ben Tartar, Jenein and Borj El Khadra) are located in the Ghadames Basin and the remaining three offshore blocks (Cosmos, Hammamet and Yasmin) are located in the Pellagian Basin off the northeast coast of Tunisia. Our operations in Tunisia were suspended due to labor protests in connection with a general strike in the country which occurred from April 2017 to June 2017. Operations resumed from June 2017 and have continued to run normally. During 2018, we saw consistent production from the Bir Ben Tartar Block in line with our expectations. There are 10 producing wells in the Adam block. In 2018 we completed 3D seismic acquisition activities and obtained an extension of the exploration permit to 2021 at the Jenein Block. At the Sud Remada Block, we completed 2D and 3D seismic acquisition activities. The data is being interpreted to determine whether to extend the exploration permit. At the Borj El Khadra Block, the operator (ENI) is in discussions with the government to extend the exploration period. The Hammamet Block was relinquished to the Government in 2018. We are currently holding our interests in Tunisia for sale and may enter into an agreement to sell any or all of our interests at any time.

Yemen, Block 9

Our subsidiary Medco Yemen Malik Ltd., acquired a 25.0% participating interest in Block 9 from Reliance Exploration & Production DMCC in 2012. Drilling in 2013 was carried out at five exploration wells. Due to adverse security conditions, there was no activity from 2014 to the fourth quarter of 2018, when activity resumed. As of December 31, 2018, the participating interest of our subsidiary in Block 9 is 21.25%. In 2018, the operator set up an operations office in Cairo and resumed operations on March 1, 2019.

Blocks Relinquished or Divested

On February 7, 2019, Medco Energi US LLC entered into an Asset Purchase and Sale Agreement with Sanare Energy Partners LLC to sell its Main Pass assets for US$150,000. Also, as of December 31, 2018, Medco Energi US LLC was contingently liable in the amount of approximately US$13.8 million for bonds issued on Medco Energi US LLC's behalf to the United States Bureau of Energy Management and previous sellers of the assets. As part of Medco Energi US LLC's sale of its Main Pass assets, Sanare Energy Partners LLC has replaced the foregoing surety obligations and the United States Bureau of Ocean Energy Management is in the process of administratively changing the surety obligations to reflect the replacement.

The table below sets forth interests in blocks that we divested from or relinquished from January 1, 2015 through December 31, 2018.

Entity	Divest/ Relinquish	Working interest prior to transaction	Working interest after transaction	Transferee	Date of divestment/ relinquishment
PSC Bawean (Camar Bawean Petroleum Ltd & Camar Resources Canada Inc.)	Divest	65%	0%	Hyoil	June 2016
PT Medco E&P Nunukan (PSC Nunukan)	Divest	40%	0%	PT Pertamina Hulu Energi	September 2015
Medco Cendrawasih VII	Relinquish	100%	0%	Government of Republic Indonesia	—
Moonbi Energy Ltd (PPL 470)	Divest	90%	0%	Moonbi Enterprise Limited	February 2016
PT CBM Lematang (GMB Lematang)	Divest	55%	34%	PT Methanindo Energi Resources	February 2016
PT CBM Sekayu (GMB Sekayu)	Relinquish	50%	0%	Government of Republic Indonesia	December 2016

While we do incur some costs in relinquishing assets, these costs are typically not material and in certain cases we do not bear costs.

Sales and Distribution

Average Realized Sales Prices

	For the Years Ended December 31,		
	2016	2017	2018
Average realized sales prices:			
Oil and condensate (US$ per BBL)	42.29	51.53	67.8
Natural gas (US$ per MMBTU)	4.40	5.53	6.39

Crude Oil

We sell our net oil entitlement from our Indonesian operations to the domestic Indonesian market as well as to the overseas market. In line with the Government regulations, we sell our oil at prices based on ICP. The ICP price is determined by the Government, and is the monthly average of the mean of two publications of independent oil traders and marketers in the Asia Pacific region published by Platts and RIM in the following proportions: 50% Platts and 50% RIM until June 2016. Starting in July 2016, the basis of ICP changed to Dated Brent price plus Alpha and in 2018 was further revised to Dated Brent plus/minus Alpha.

All of our oil production in the United States is sold on the spot market, and we have no plans to enter into long-term sales arrangements.

The following table summarizes the key terms and arrangements of our current material crude oil sales agreements.

Block	Counterparty	Term	Pricing	Total Gross Volume for Life of Contract
Indonesia:				
Rimau	Lukoil	2 years	ICP Kaji + premium	whole entitlement
South Sumatra	Pertamina[1]	—	ICP Kaji Flat	—
Tarakan	Pertamina UP V Balikpapan[2]	—	ICP Tarakan Flat	—
Senoro-Toili (condensate)	Petro Diamond Singapore (2016-2020)	4 years	ICP Senoro Condensate minus premium	whole entitlement

Notes:
(1) Swap with Rimau's crude oil.
(2) Domestic market.

Natural Gas

We sell our gas production from our Indonesian onshore operations to buyers including state-owned companies (in the power and fertilizer industries), independent power producers, gas transport companies, and local state and city gas providers.

We typically enter into GSAs which set the TCQ, DCQ and gas price. While TCQ and DCQ vary between buyers, gas prices are largely fixed using the same structure, in US$/MMBTU with an application of an escalation factor (typically 2.5% to 3.0% per annum). However starting in late 2015 we started commercial gas sales from Senoro-Toili with prices linked to JCC prices. The GSAs also typically include a "Take-or-pay" mechanism, pursuant to which, if a buyer is unable to absorb the agreed DCQ, the buyer will have to pay a portion (usually in the range of 80.0% to 90.0%) of the DCQ.

All of our gas production in the United States is sold on the spot market, and we have no plans to enter into long-term sales arrangements.

The following table summarizes the key terms and arrangements of our current material GSAs for our Indonesian blocks.

Block	Counterparty	Term	Daily Contract Quantity	Take-or-Pay as a percentage of DCQ
Indonesia:				
South Sumatra	PT Pupuk Sriwidjaja Palembang	2008-December 31, 2018 (the parties are in the process of amending the current GSA by entering into a Joint Arrangement (*Kesepakatan Bersama*) dated February 23, 2018)	45 BBTUD	90%

Block	Counterparty	Term	Daily Contract Quantity	Take-or-Pay as a percentage of DCQ
	PT Mitra Energi Buana (3rd GSA Amendment)	2006-December 31, 2027 (on stream on 2007)	2.5 BBTUD (Mar 2018-Dec 2018) 4 BBTUD (2019) 5 BBTUD (2020) 6 BBTUD (2021-2024) 5 BBTUD (2025) 4.5 BBTUD (2026) 4 BBTUD (2027)	92%
	PT MEPPO-GEN (Amended and Restated)	2014-March 31, 2027	18 BBTUD (January 2018-October 2019) 5 BBTUD (November 2019-July 2022) 6 BBTUD (August 2022) 18 BBTUD (September 2022-December 2022) 10 BBTUD (January 2023-March 2023)	85%
	Perusada Mura Energi (2nd GSA Amendment)	2009-December 2027 (on stream on 2015)	1.35 BBTUD-2.10 BBTUD	90%
	Perusda Pertambangan dan Energi (BBG) (Interim agreement)	2009-February 7, 2023) (on stream in April 2013)	0.5 BBTUD	N.A.
	Perusda Pertambangan dan Energi (Kelistrikan)	2011-August 31, 2020	3 BBTUD	90%
	PT Medco E&P Rimau	2016-April 22, 2023	0.66 BBTUD increasing to 2.65 BBTUD	90%
	Perusda Sarana Pembangunan Palembang Jaya (2nd GSA Amendment)	2010-December 31, 2018	0.1 BBTUD	N.A
	PT PLN (Persero) (South Sumatra Power Plant)	2017-January 2027 (effective since April 6, 2017)	20 BBTUD ramp down (Joint supply with Lematang Block)	90%
	PT Pertamina (Persero)	September 29, 2017-July 20, 2027	0,25 MMSCFD	N.A
	PT PGN Tbk	January 2018-July 20, 2027	0,25 MMSCFD	N.A

Block	Counterparty	Term	Daily Contract Quantity	Take-or-Pay as a percentage of DCQ
Lematang	PT PLN (Persero) (South Sumatra Power Plant)	2017-January 2027 (effective since April 6, 2017)	20 BBTUD ramp down (Joint supply with South Sumatra Block)	90%
	PT Pupuk Sriwidjaja Palembang (Interim agreement)	April 2018-December 2018	5 BBTUD	90%
Tarakan	PLN-Gunung Belah (GSA Amendment)	2010-December 31, 2021	0.5 BBTUD	N.A
	PT PGN Tbk	2016-2020 (five years from MESDM gas allocation approval date)	0.2 BBTUD	N.A
Block A, Aceh	PT Pertamina (Persero)	13 years from initial commencement of gas sales	58 BBTUD	90%
Senoro-Toili	Donggi Senoro LNG (GSA Amendment)	2009-2027	252.197 BBTUD	90% (annually)
	PT Panca Amara Utama (GSA Amendment)	2018-December 3, 2027 (on stream February 14, 2018)	55 MMSCFD (12 months from first gas in), 62 MMSCFD (after the 12 months until end of GSA)	80% (year 1) 90% (year 2-end of GSA)
	PT PLN (Persero)	From Start Date until December 4, 2027	5 BBTUD	80% (year 1 & 2) 90% (year 3-end of GSA)
Simenggaris	PT PLN (Persero)	March 2021-February 23, 2028	8 BBTUD	a) 60% from the Yearly Contract Quantity (YCQ) for the first 36 months from the start date; and b) 80% from the YCQ for each 12 months until the end of the agreement
	PT PLN (Persero)	2014-five years from starting date	0.5 MMSCFD	60% (0.3 MMSC)
Simenggaris	Perusda Nusa Serambi Persada	2012-11 years from starting date (not yet on-stream)	5 MMSCFD	85%

Block	Counterparty	Term	Daily Contract Quantity	Take-or-Pay as a percentage of DCQ
South Natuna Sea Block B	Pertamina	2001-2032	247.0 BBtu in year 1, 337.2 BBtu in year 2, 341.25 BBtu after year 2 and gradually declining to 51.81 BBtu in 2023	85%-90%
	Pertamina	1999-2026	105.0 BBtu to 263.0 BBtu	80%-85%

Gas Distribution Unit

Our subsidiaries MGI and MEGS operate a gas compression station with a pipeline facility at Gunung Megang, South Sumatra, with three main gas compressors of 22.5 MMSCFD capacity each and ten 17.5 kilometer pipeline facilities. From August 2009 to December 2014, this compression station served to increase gas pressure for delivery from our South Sumatra block to a PGN facility at Pagardewa and the PLTG Gn Megang (Meppogen) power plant, with a target of 37 BBTUD of compressed gas and 20 BBTUD of transported gas each day.

On December 10, 2014, MEGS entered into a new contract with PT Medco E&P Lematang and PLN South Sumatra for the transport of gas from Singa Field, Lematang block to PLN through existing pipeline facilities, with a target of 42 MMSCFD.

In April, 2017, MEGS continued transporting Singa Gas from Central Production Plant Singa to Gunung Megang with a daily rate averaging 25 MMSCFD.

In addition, from 2013 to 2015, we also operated a gas compression station with three high pressure primary gas compressors at the Soka station with a capacity of 15 MMSCFD each.

Power and Mining

In addition to our core oil and gas business, we have a significant power generation business and a significant investment in mining. Our subsidiaries and associates engaged in the power business and mining business, as applicable, are not restricted subsidiaries for the purposes of the Notes nor are they guarantors of the Issuer's obligations under the Notes.

Power Business

Our power business is conducted through MPI, an IPP and O&M service provider. In October 2017, we increased our stake in MPI from 49% to an effective interest of 88.62% by purchasing 77.68% shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) from PT Saratoga Sentra Business and S. Asia III Luxembourg S.A.R.L. PT Medco Power Internasional holds a 51% interest in MPI.

As an IPP, MPI owns majority interests in and operates three gas-fired power plants in Batam with aggregate gross capacity of 266 MW. In 2020, the asset in Batam operated by PT Energi Listrik Batam ("ELB") is expected to increase gross capacity by 40 MW through a combined cycle addition. In 2021, MPI expects to commence operations from an additional gas-fired power plant in the Riau with a capacity of 275 MW. In the geothermal energy sector, MPI (jointly with its partners) owns a 3x110 MW geothermal power plant in Sarulla, North Sumatra, where the third and final unit commenced commercial operations in May 2018.

As an O&M service provider, MPI operates a large 1,320 MW coal-fired power plant in Central Java under a 24-year O&M contract with PLN. In September 2016, MPI through its subsidiary MGS signed an O&M agreement with Sarulla Operations Ltd with respect to a 330 MW geothermal plant, and, in December 2016, through its subsidiary in MEB, signed a two-year O&M contract with PT PLN Batam for an aggregate of 500 MW gas-fired generation plants (TM2500 truck-mounted gas turbine generator unit) across eight locations in Indonesia.

MPI's business is focused on small to medium sized natural gas and geothermal independent power projects and captive power plants in western Indonesia and seeks to maximize its power services operations and synergies with its other businesses.

At the 2018 Indonesia Best Electricity Awards held by "Majalah Listrik Indonesia", an Indonesian energy magazine, MPI was selected as The Best Clean and Renewable Energy Company and MPI's subsidiary, MEB, received the award for The Best IPP (less than 200 MW). In addition, PT Tanjung Jati B Power Services (the Central Java coal-fired power plant for which MPI services as an O&M services provider) and PT Medco Geothermal Sarulla were selected as finalists in The Best O&M Company category, while ELB was selected as a finalist in The Best IPP (less than 200 MW) category.

The table below sets forth certain information about MPI's projects.

Business Type	Fuel Type	Gross (MW)	Ownership (%)	Net (MW)
IPP (in operation)				
MEB—Batam	Gas	85	64	54
DEB—Batam	Gas	85	80	68
TM 2500—Batam	Gas	20	100	20
ELB—Batam	Gas	76	70	53
EPE—South Sumatra	Gas	12	92.5	11
MPE—South Sumatra	Gas	12	85	10
Singa—South Sumatra	Gas	7	100	7
Sarulla—North Sumatra	Geothermal	330	19	63
Cibalapulang 1—W. Java	Mini-hydro	9	70	6
Pusaka 1—W. Java	Mini-hydro	9	100	9
Total Installed Capacity IPP		**645**		**301**
O&M Services (contracted)				
T JBPS—Central Java	Coal	1,320	80.1	1,056
Sarulla—North Sumatra	Geothermal	330	100	330
TM 2500 (8 locations)	Gas	500	64	320
Kaltemra	Gas	24	64	15
Total Installed Capacity O&M Services		**2,174**		**1,721**

Gas-fired Power Plants

Mitra Energi Batam

Location:	Batam Island
Status:	Operational
Ownership:	64% PT Medco Power Indonesia (through PT Medco Energi Menamas) 30% PT PLN Batam 6% YPK PLN
Capacity:	Gross capacity of 84.1 MW produced from two 27.75 MW simple cycle power plant, 20.6 MW combined cycle power plant, and 8 MW chiller.

Background. In March 2004, MPI acquired a 54% interest in MEB, and commenced commercial operations in October 2004. MPI transferred its interest in MEB to MEM and MPI subsequently acquired an additional 10.0% stake in MEB from YPK PLN. MPI currently owns an effective 64.0% stake in MEB (including a direct 10.0% stake and a 54.0% stake held through MEM), with the remaining shareholders being PT PLN Batam with a 30.0% stake and YPK PLN with a 6.0% stake.

MEB owns a gas-fired power plant located in Panaran I on Batam Island, Indonesia, which was MPI's first power plant on Batam Island. The facility is comprised of a 55.5 MW simple cycle power plant ("SCPP") with an additional 8.0 MW chiller and a 20.6 MW combined cycle power plant ("CCPP"). The facility has a total installed capacity of 84.1 MW.

The SCPP unit was commissioned in October 2004 with Kelsri-Dalle Engineering as the EPC contractor. The SCPP is capable of supplying 55.5 MW of capacity. In 2013, a chiller was added to the facility to increase the net output of the facility. An additional CCPP was commissioned in 2014 with Mitsui and Hyundai as the EPC contractors to further expand the capacity of the facility. The CCPP can generate 89.4 tons per hour of steam by recovering heat from the exhaust gas of the SCPP.

Power Purchase Arrangements. In April 2004, MEB entered into a transfer of PPA with PT Menamas and PT PLN Batam, pursuant to which all the rights and obligations of PT Menamas were transferred to MEB. The PPA was amended three times, which were in July 2004, in October 2012 and recently in February 2017. The current PPA is valid for 20 years from 2014 and includes the addition of the chiller and steam turbine generator to convert the SCPP to a CCPP. The chiller and CCPP achieved commercial operations in October 2013 and September 2014, respectively.

The PPA tariff also includes investment recovery of IDR 7 per kWh for 12 years until October 2016 based on production of 408.4 GWh per annum (which is the minimum off-take by PLN for the SCPP) for installation of the switchyard for these facilities. For the first 12 years until October 2016, PLN agreed to pay a total of IDR 190 per kWh. Beginning November 2016, PLN agreed to pay a total of IDR 89 per kWh subject to exchange rate adjustments based on an exchange rate of IDR 9,000 to US$1.00.

For CCPP, the PPA tariff includes a fixed component of IDR 350 per kWh and variable components of IDR 100 per kWh and IDR 12 per kWh, portions of which are subject to exchange rate adjustments at a base rate of IDR 9,000 to US$1.00.

The PPA also stipulates a minimum take-or-pay level of 84.0% for the SCPP. The PPA has a contracted capacity of 82.1 MW and enjoys a full gas pass through (subject to certain conditions stipulated in the PPA) with PLN paying gas costs directly to the gas supplier. In addition, the PPA also stipulates contract penalties in the event that MEB is not able to meet certain performance benchmarks in terms of output, force outage, availability factor and heat rate.

Gas Sales Agreement. Under the PPA, PLN is responsible for securing natural gas from PGN for the operation of the plant.

PT Dalle Energy Batam

Location:	Batam Island
Status:	Operational
Ownership:	79.99% PT Medco Power Indonesia 20.00% PT PLN Batam 0.01% PT Dalle Energy
Capacity:	84.1 MW produced from two 27.75 MW simple cycle power plants, a 20.6 MW combined cycle power plant, and 8 MW chiller.

Background. In June 2005, MPI acquired a 40% interest in PT Dalle Energy Batam ("DEB"), which is the owner and operator of the Panaran II power plant, and MPI further increased its stake in the project to 79.99% by contributing most of the project's required equity commitment. PT PLN Batam acquired a 20.0% interest in the plant from PT Dalle Energy in 2006.

DEB owns a gas-fired power plant located in Panaran II on Batam Island, Indonesia. The facility is comprised of a 55.5 MW SCPP with an additional 8.0 MW chiller and a 20.6 MW CCPP. The facility has a total installed capacity of 84.1 MW.

The SCPP and chiller unit were commissioned in 2006 with Kelsri-Dalle Engineering (a joint operation established between PT Kelsri and PT Dalle Engineering Construction), as the EPC contractor. The SCPP is capable of supplying 55.5 MW of capacity. The chiller was able to increase the electricity output of the facility and also contributes to 1 to 3% fuel savings for the SCPP. An additional CCPP was commissioned in 2010 with Mitsui and Hyundai as the EPC contractors to further expand the capacity of the facility. The CCPP can generate 89.4 tons per hour of steam by recovering heat from the exhaust gas of the SCPP through a heat recovery steam generator. In 2007, DEB entered into a rental agreement with MPI for a truck-mounted mobile gas turbine. The initial variable rental fee of IDR 217.8 per KWh has since been revised to 204.9 per KWh.

Power Purchase Arrangements. DEB and PT PLN Batam entered into a PPA expiring in 2025 pursuant to which DEB is required to procure, operate and maintain a combined cycle power plant consisting of two gas turbine generator units, a chiller unit and a steam generator turbine. PT PLN Batam is to purchase the power supply generated by the units on a minimum take-or-pay basis of 90% of power produced at a price of IDR 285 per KWh subject to exchange rate adjustment.

Gas Sales Agreement. DEB entered into a GSA with PGN for the supply of gas, the cost of which is passed through to PT PLN Batam and has been extended.

Truck-Mounted 20 MW Gas-Fired Power Plant

Location:	Batam Island (adjacent to the Panaran II gas-fired power plant)
Status:	Operational
Ownership:	100% MPI
Capacity:	20 MW produced from a truck-mounted unit

Background. In 2007, MPI added a 20 MW truck-mounted gas turbine generator unit to its power generating operations on Batam Island.

Power Purchase Arrangements. To ensure the reliability, stability, and continuity of power supply from PT Dalle Energy Batam to PT PLN Batam, a joint arrangement between PT Dalle Energy Batam and PT PLN Batam was concluded in 2007. This truck-mounted unit was considered to be a back-up unit to supplement an existing combined cycle power plant, and therefore there was no applicable take-or-pay arrangement, but based on an amendment to the PPA on the CCPP in 2008, the truck-mounted unit was turned into an existing unit for a period of 16 years from the availability of trafo kV and bay.

Gas Sales Agreement. Gas costs are passed through to PT PLN Batam pursuant to the GSA between DEB and PT PLN Batam.

PT Energi Listrik Batam

Location:	Batam Island
Status:	Operational
Ownership:	70% MPI (through PT Universal Batam Energy) 30% PT Universal Gas Energy
Capacity:	76 MW produced from 2 units of simple cycle.

Background. ELB was established in March 2012 through a joint venture company, PT Universal Batam Energy, which is 70.0% owned by MPI and 30.0% owned by PT Universal Gas Energy ("UGE"). UGE currently owes receivables to MPI representing advances made by MPI to ELB on behalf of UGE for the construction of this project. The receivables accrue interest at a rate of 20.0% interest and are secured by UGE's 30.0% stake in ELB. Given that the interest on the receivables owed by UGE to MPI are higher than the project equity return, under the agreement between MPI and UGE, MPI has the economic benefit of 100.0% of ELB.

ELB owns a gas-fired power plant located in Tanjung Uncang on Batam Island which began commercial operations in January 2016.

In September 2012, ELB entered into an EPC agreement with a consortium of MPI and PT Dalle Engineering Construction (the "Consortium") whereby the Consortium agreed to provide EPC services. Under the contract, MPI agreed to supply the gas turbine generator while PT Dalle Engineering Construction agreed to carry out the construction of the project.

Power Purchase Arrangements. ELB entered into a PPA with PT PLN Batam in 2012 which was amended in October of 2015 for a period of 20 years starting from the COD which was on January 6, 2016 for the second unit and on May 14, 2016 for the first unit.

The PPA tariff consists of different components, portions of which are subject to varying adjustments based on, among other things, Rupiah to U.S. dollar foreign exchange rate movements, Indonesia and U.S. CPI, and operational metrics. The PPA also provides for minimum take-or-pay levels of 66.3% for the first two years of the term of the PPA and 85% for the remainder of the term.

Gas Sales Agreement. ELB entered into a GSA with PGN for which costs are passed through to PT PLN Batam.

PT Energi Prima Elektrika

Location:	Prabumulih, South Sumatra
Status:	Operational
Ownership:	92.5% MPI 7.5% PLN-E
Capacity:	12.5MW produced from gas engines

Background. PT Energi Prima Elektrika ("EPE"), which began operating in 2006, was acquired by MPI in 2010. EPE owns a gas-fired power plant located in Prabumulih, South Sumatra. The facility is comprised of two gas engines with a total installed capacity of 12.5 MW. The power plant was commissioned in June 2006 with PT Samapta Energi Nusantara as the EPC contractor.

Power Purchase Arrangements. In November 2004, EPE entered into a transfer of PPA with PLN-E and PLN WS2JB, whereby all rights and obligations of PLN-E under the PPA entered into between PLN-E and PLN WS2JB were transferred to EPE. Based on this agreement, EPE is required to fund, establish and operate the 12 MW power plant. The parties agreed that PLN WS2JB will purchase all of the electricity from EPE for 20 years subject to annual extension upon approval by both parties.

The PPA tariff consists of different components, portions of which are subject to varying adjustments based on, among other things, Rupiah to U.S. dollar foreign exchange rate movements, gas prices, Indonesia and U.S. CPI, and operational metrics. The PPA expires in 2026.

Gas Sales Agreement. EPE signed a gas sales agreement with Pertamina EP for gas supply under which its costs are passed through to PLN WS2JB. The GSA has been extended to 2021.

PT Multidaya Prima Elektrindo

Location:	Kali Doni, Palembang, South Sumatra
Status:	Operational
Ownership:	85% MPI
	15% PLN-E
Capacity:	12.5 MW produced from a gas engine

Background. PT Multidaya Prima Elektrindo ("MPE") owns a gas-fired power plant located in Sako, South Sumatra. The facility is comprised of two gas engines with a total installed capacity of 12.5 MW.

The power plant was commissioned in May 2008 with PT Wijaya Karya and PT Samapta Energi Nusantara as the EPC contractors. The power plant supplies electricity to PLN WS2JB through a 6.3 / 20.0 kV step up transformer.

Power Purchase Arrangements. Under the PPA between MPE and PLN WS2JB with effect from 2004, MPE is required to fund, establish and operate the 12 MW power plant. The parties agreed that PLN WS2JB will purchase all of the electricity from MPE for 20 years, subject to annual extension upon approval by both parties. In June 2016, MPE and PLN WS2JB amended the PPA to increase the tariff to a total sum of its components of IDR 736.75 per KWh based on a capacity factor of 80.0%. The PPA tariff consists of different components, portions of which are subject to varying adjustments based on, among other things, Rupiah to U.S. dollar foreign exchange rate movements, gas prices, Indonesia and U.S. CPI, and operational metrics. The PPA will expire in 2028.

Gas Sales Agreement. MPE entered into a GSA with Pertamina EP for gas supply under which its costs are passed through to PLN WS2JB. The GSA expires in 2021.

Singa

Location:	Singa Field, Lematang, South Sumatra
Status:	Operational
Ownership:	100% MPI
Capacity:	7.5 MW produced from a gas turbine

Background. PT Medco E&P Lematang (*"*MEPL*"*) owns and operates an onshore gas field in the Lematang area in South Sumatra. The field requires approximately 6.0 MW of electricity supplied by the 7.5 MW gas-fired captive power plant Singa. Singa began commercial operations in 2010 with Indo Turbine and Grand Cartex as the EPC contractors.

Power Purchase Arrangements. In January 2010, Singa entered into a PPA with MEPL for a period of five years, ending in January 2015. The PPA tenor has been extended until May 2020. The PPA has a minimum take-or-pay of 80% of the capacity factor, at a fixed tariff of IDR 622.79 per KWh and gas is provided by MEPL. For gas, MEPL guarantees and provides gas supply to the power plant from the Singa gas field.

Medco Ratch Power Riau (Riau Project)

Location:	Pekanbaru, Riau
Status:	Construction
Ownership:	51% MPI (through PT Medco Power Sentral Sumatera) 49% Ratchaburi Electricity Generating Holding Public Company Limited
Capacity:	275 MW produced from gas engines

Background. PT Medco Ratch Power Riau ("RPR"), which is a special purpose vehicle established by MPI (through PT Medco Power Sentral Sumatera) (51%) and Ratchaburi Electricity Generating Holding PCL (49%), obtained the right to develop a 275 MW PLTGU in Pekanbaru City, Province Riau, Indonesia in November 2016. In April 2017, MRPR entered into a PPA and 20-year build-own-operate-transfer agreement with PLN.

Construction of the power plant began at the end of 2018 and the plant is currently expected to commence commercial operations in 2021. The power plant will supply electricity to the 150kV Pasir Putih transmission line, which is owned and operated by PLN.

Power Purchase Agreement. MRPR signed a 20-year PPA with PLN for the operation of the plant. The PPA includes a 60% take-or-pay arrangement pursuant to which MRPR is required to supply and PLN is required to buy, at a minimum, 60% of the power plant capacity. The effective date of the PPA depends on several factors, including (1) the approval of the MEMR to purchase electricity tariffs, (2) the establishment of a project development cost account by the MRPR, and (3) the submission of performance guarantees by MRPR.

Under the PPA, the gas power plant facilities and supporting facilities will be built by MRPR. MRPR carries the risk and is responsible for construction, operation and maintenance and other ownership-related risks from gas power generation facilities and gas supply facilities. MRPR has agreed to construct supporting facilities for the plant, including transmission lines and substations for electricity delivery to the nearest interconnection point, and PLN has agreed to acquire these supporting facilities from MRPR upon the COD or at an earlier time to be agreed by the parties.

Geothermal Power Plants

MPI currently has two geothermal power plant projects in Indonesia, namely Sarulla in North Sumatra with a planned capacity of 330 MW and Ijen in East Java with a planned capacity of 110 MW.

JOC Sarulla Operations Ltd

Location:	North Tapanuli, North Sumatra
Status:	Operational/Under Construction
Working Interests:	18.9975% MPI
	18.2525% Inpex
	25% Itochu
	25% Kyushu Electric Power Co
	12.75% Ormat
Capacity:	330 MW

Background. This is a geothermal project with two reservoirs (Silangkitang and Namora Langit) located in the Pahae Julu and Pahae Jae districts, North Tapanuli Regency of North Sumatra Province, approximately 300 kilometers from Medan. The Sarulla geothermal project is a consortium project holder of a Joint Operational Contract with Pertamina GE for the development of the Sarulla geothermal field. Under the Energy Sales Contract between the consortium, PGE and PLN, the consortium agreed to develop geothermal fields and construct geothermal power plants with aggregate capacity of 3x110 MW in two separate locations, namely 1x110 MW at Silangkitang ("SIL") and 2x110 MW in Namora I Langit ("NIL"), both of which are in North Tapanuli Regency, South Sumatra Province. The total project cost is currently expected to be approximately US$1.6 billion. On March 28, 2014, the consortium signed an international syndicated project financing agreement with the Japan Bank for International Cooperation, Asian Development Bank and several commercial banks. The consortium has successfully operated the first two units of the power plant (1x110 MW in the SIL field and 1x110 MW in the NIL field) since March 2017, for unit 1, and October 2017, for unit 2, while the third unit became fully operational in May 2018.

Energy Sales Contract. The term of the energy sales contract is 504 months following the effective date, which was February 27, 1993, or 30 years after the COD. On April 26, 2010, JOC Sarulla Operations Ltd signed a "Joint Confirmation of the Sarulla Project" with PLN, which set the price of electricity sold under the contract at US$0.0679 / kWh.

Medco Cahaya Geothermal (Ijen project)

Location:	Banyuwangi, West Java
Status:	Exploration
Ownership:	100% MPI
Capacity:	2x55 MW

Background. The working area of the Blawan Ijen geothermal prospect is located in East Java and covers three districts, namely Bondowoso, Banyuwangi and Situbondo.

MPI, through its subsidiary, MCG, obtained Blawan Ijen's geothermal working area through a tender process in 2010. Currently, MPI has a direct 51% stake in MCG and an indirect 49% stake in MCG through PT Medco Geothermal Indonesia. Geothermal licenses were obtained in 2011 and renewed in 2015 under the Decree of the Minister of Energy and Mineral Resources No. 2683K/30/MEM/2015. This geothermal permit applies to the utilization of geothermal energy through exploration, feasibility studies and development and exploitation activities for 35 years beginning on May 25, 2011.

Exploration study activities in the form of 3G activities (geology, geochemist and geophysics) have been carried out since 2012 by several international geothermal consultants. Initial exploration activities in the form of drilling small size exploration wells including well flow tests were carried out in 2016 and 2017 with positive drilling results.

Power Purchase Agreement. Based on the geothermal permit obtained by MCG, on February 27, 2013, MCG signed a PPA with PLN to operate a 2 x 55 MW geothermal power plant in East Java. MCG has agreed to provide and sell electricity to PLN for a period of 30 years with a base price of US$ 0.0858 per kWh subject to certain adjustments based on formulas set forth in the PPA. Additional tariffs of US$ 0.003 per kWh for the construction of transmission networks are also listed in the PPA.

Arrangements in the PPA include, among others, a 90% take-or-pay arrangement where MCG is required to supply and PLN is required to purchase, at a minimum, 90% of electricity generating capacity. The effective date of the PPA will be determined based on several factors including, among others, capacity confirmations and financial closing.

Mini Hydro Power Plants

PT Bio Jatropha Indonesia

Location:	Cianjur, West Java
Status:	Operational
Ownership:	70% MPI
	30% PT Sangsaka Hidro Tiara
Operator:	PT Bio Jatropha Indonesia
Capacity:	9 MW

Background. BJI was established in October 2006. MPI acquired its stake in 2011.

BJI owns and operates a mini hydro power plant with a total capacity of 9 MW located in Cianjur, West Java with a run-of-river method on the stream of the Cibalapulang river pursuant to a PPA with PLN West Java Distribution ("PLN DJB"), signed on February 1, 2012. BJI began commercial operations in September 2017.

Power Purchase Arrangements. BJI entered into a PPA with PLN DJB in February 2012 for a period of 15 years with a tariff of IDR 656 per kWh. On September 2016, the PPA was amended to reschedule the COD to January 31, 2017 and revise the tariff to IDR 1,100 per kWh for the first eight years and IDR 850 per kWh thereafter. The PPA was amended several times, most recently in August 2017. In September 2017, BJI started commercial operations.

PT Pembangkit Pusakan Parahiangan

Location:	Cianjur, West Java
Status:	Operational
Ownership:	100% MPI
Operator:	PT Pembangkit Pusaka Parahiangan
Capacity:	9 MW

Background. PT Pembangkit Pusakan Parahiangan ("PPP") was established in December 2010 and MPI acquired its interest in PPP in 2012.

PPP owns and operates a mini hydro power plant with a total capacity of 8.8 MW located in Cianjur, West Java on the Cibuni River pursuant to a PPA with PLN West Java Distribution, signed on September 12, 2013. PPP began commercial operations in May 2018.

Power Purchase Arrangements. PPP entered into a PPA with PLN West Java Distribution in September 2013 to build and operate 2x4.4 MW and 2x1.5 MW mini hydro power plants located in Cianjur, West Java for a

period of 15 years after the COD with a tariff of IDR 656 per kWh. On November 2017, the parties agreed to reschedule the COD of the 2x4.4 MW plant to May 30, 2018. The PPA was amended several times, most recently in January 2019.

Operation & Maintenance (O&M) Business

PT TJB Power Services (Tanjung Jati B Steam Power Plant O&M Agreement)

Location:	Jepara, Central Java
Status:	Operational
Ownership:	80% MPI (through PT Medco General Power Services) 20% AF Consult AY
Expiration:	2029
Capacity:	1,320 MW produced from two 660 MW coal-fired units
Off-taker:	PLN

Background. In June 2005, a consortium consisting of the Company and AF Consult AY, a leading Nordic energy company headquartered in Finland, and PLN signed an O&M agreement for the PLTU Tanjung Jati B coal-fired steam power plant, which was approved by the shareholders of PLN and became effective in September 2005. For this purpose, in April 2006, PT TJB Power Services, an 80%-owned subsidiary of MPI through PT Medco General Power Services, was established to undertake the role of operator.

Under the O&M agreement, the O&M fees consist of five different components including labor for operations, labor for maintenance, labor administration, consumables and general expenses. Certain components are subject to adjustment based on movements in the Indonesian CPI and exchange rate fluctuations between the U.S. dollar and Rupiah.

PT Medco Geothermal Sarulla (Sarulla Operations and Maintenance Services)

Location:	North Tapanuli, North Sumatra
Status:	Operational
Ownership:	100% MPI
Expiration:	2024
Capacity:	3x110 MW Sarulla geothermal power plants
Off-taker:	PLN

Background. In September 2016, Medco Geothermal Sarulla entered into an O&M agreement with Sarulla Operations Ltd for the Sarulla geothermal power facilities in North Sumatra. This agreement is for a six-year period starting from the earlier of September 2018 and the commercial operation date of the second unit of Namora I Langit. Three 110 MW units commenced commercial operations in March and October 2017, and May 2018.

Mobile Power Plant (MPP) O&M (Scattered PLN power plant—Operation and Maintenance Services)

Location:	Eight locations throughout Indonesia
Status:	Operational
Ownership:	64% MPI (through PT Mitra Energi Batam)
Expiration:	2018 (extendable by mutual agreement)
Capacity:	20x25 MW Gas-fired power plants at eight different locations
Off-taker:	PT PLN Batam

Background. On December 20, 2016, MEB signed an O&M agreement for mobile power plants with capacity of 20x25 MW with PLN Batam, pursuant to which MEB agreed to provide operational and maintenance services to PLN Batam to support the operation of the plants. The plants are located across eight regions, namely MPP Jeranjang, MPP Tarahan, MPP Balai Pungut, MPP Air Anyir, MPP Belitung, MPP Nias, MPP Paya Pasir and MPP Pontianak. The O&M contracts are valid for two years starting from the commencement date of each MPP area and can be extended by mutual agreement of the parties.

Copper and Gold Mining

Our copper and gold mining operations are conducted through AMNT, a joint venture in which we and our joint venture partner, API (an entity in which Mr. Agus Projosasmito is the majority shareholder of record), acquired our interests in November 2016.

We initially, in 2016, acquired a 41.1% economic interest in AMNT. We acquired our interest in AMNT indirectly through our acquisition of a 50% interest in AMIV, which in turn, through AMI, acquired 82.2% of AMNT, for a consideration of US$404 million, financed through cash on hand. AMIV's purchase of AMNT was financed through the following sources: (i) the Parent Guarantor provided AMIV with a shareholder loan pursuant to a loan agreement entered into on August 23, 2016 of US$246.0 million; (ii) a 99%-owned subsidiary of AMIV, PT Amman Mineral Ventura ("AMV"), entered into a mezzanine facility agreement (the "Mezzanine Facility") with PT Multi Daerah Bersaing on June 30, 2016, for US$275.0 million and (iii) on June 20, 2016, AMI, which was previously a 99% owned subsidiary of AMV, entered into a senior facility agreement (the "Senior Facility") with PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk for US$750.0 million. Borrowings under the Senior Facility bore interest at rates of LIBOR plus 10% per annum during the first year from drawdown, LIBOR plus 12% per annum during the second year from drawdown and LIBOR plus 16% per annum from the end of the second year until maturity. Pursuant to a corporate guarantee and indemnity agreement (the "Parent AMNT Guarantee") dated October 14, 2016, the Parent Guarantor provided a guarantee of this loan in proportion to its direct or indirect shareholding in AMI, which was 50%. Pursuant to a loan agreement entered into with the prior shareholders of AMNT, PT Pukuafu Indah, an unrelated non-controlling shareholder in AMNT which owns the remaining 17.8% of AMNT, had pledged certain rights in its shares in AMNT to the prior shareholders of AMNT. AMI acquired the pledges of such rights in connection with the acquisition of AMNT and succeeded to certain of those pledged rights and therefore AMI had also acquired the economic benefit of PT Pukuafu Indah's shares in AMNT. The Mezzanine Facility and Senior Facility have been repaid in December 2017. In addition, the Parent AMNT Guarantee has been discharged.

We, API, AMI and a new shareholder, PT Sumber Gemilang Persada (a consortium of Indonesian investors led by Mr. Agus Projosasmito) entered into a transaction pursuant to which we, API and PT Sumber Gemilang Persada now hold our interest in AMNT through AMI, and our and API's shareholding in AMI was, in the first quarter of 2018, reduced to approximately 39.4% each and PT Sumber Gemilang Persada then owned approximately 21.3% of AMI. As part of this transaction, approximately 50% of the amount of the shareholder loan held by us was converted into equity in AMI, and the other 50% of the amount of the shareholder loan converted into a receivable owed to us by API. We novated this receivable to an indirect subsidiary of the Parent Guarantor, PT Medco Services Indonesia ("MSI"), which subsequently converted the receivable to a 5.1% equity interest in AMI. As of December 2018, API's shareholding has been reduced to 18.2% and PT Sumber Gemilang Persada and MSI own 37.4% and 5.1% of AMI's shares, respectively. MSI also purchased an additional 3.7% interest in AMI. On March 29, 2019 we sold our interest (both equity and debt interest) in MSI to a third party, PT Graha Permata Sukses. The total proceeds from such sale was approximately US$251 million. As a result, we currently hold a 39.4% interest in AMI.

On December 29, 2017, AMI entered into a facility agreement with PT Bank Mandiri (Persero) Tbk for a US$400 million facility, with the option to upsize to US$1,375 million, primarily for the purpose of funding Phase 7 of the Batu Hijau mine. In the short to medium term, we expect that AMI and/or AMNT will undertake to raise further funding including debt and a domestic-focused initial public offering.

In addition, in connection with the acquisition of AMNT, AMI has agreed to certain contingent consideration payable to the sellers. This contingent consideration consists of: (i) US$225.0 million from Phase 7 of Batu Hijau mine production, 50% of which would be payable after any year end where the London Mercantile Exchange average copper price per pound for such year is US$2.75 or more starting in 2023, (ii) US$229.7 million to be payable if during any quarter commencing after the second quarter after closing of the acquisition, the London Mercantile Exchange average copper price from the Batu Hijau mine exceeds US$3.75 per pound; and (iii) US$203.7 million to be payable by the first anniversary of the first shipment of concentrate (or any other form of saleable copper, gold or silver) from the Elang resource.

AMNT owns and operates the Batu Hijau mine, located on the island of Sumbawa, approximately 950 miles east of Jakarta. The mining concession covers an area of 25,000 hectares that includes the Elang copper and gold resource and several exploration prospects including Lampui, Rinti, Batu Balong, Nangka and Teluk Puna. The Elang copper-gold resource is situated approximately 60 kilometers east of the Batu Hijau mine. AMNT expects to perform feasibility studies on Elang and engage in discussions with the government of Indonesia with a view to developing the mine before the cessation of pit operations at Batu Hijau.

As of December 31, 2018, AMNT had 4.0 million ounces of proven and probable gold reserves including about 1.0 million ounces of gold stockpiles and 4.2 billion pounds of proven and probable copper reserves including 2.0 billion pounds of copper stockpiles. In 2017 and 2018, AMNT had gold sales of 491.9 thousand ounces and 68.1 thousand ounces and had copper sales of 330.6 million pounds and 130.2 million pounds, respectively.

On January 11, 2017, the Government issued new regulations on the export of copper concentrate, namely MEMR Regulation No. 5 of 2017 as amended by MEMR Regulation No. 28 of 2017 on the Amendment of MEMR Regulation No. 5 of 2017 on Increase of Added Value of Minerals through Domestic Mineral Processing and Refinery ("MEMR Regulation No. 5 of 2017"). MEMR Regulation No. 5 of 2017 requires AMNT as COW holder to convert its COW into Special Mining Business License—Operation Production (*Izin Usaha Pertambangan Khusus—Operasi Produksi*, an "IUPK OP") in order to export its copper concentrate. On February 10, 2017, AMNT obtained the IUPK OP from MEMR. The 2017 Regulations also mandate that IUPK OP holders refine their minerals domestically. AMNT continues to work with the government to guarantee investment certainty and operational continuity, including AMNT's commitment to build up in-country smelting and refining as well as export of copper concentrate. For the smelter, AMNT has begun development of the smelter and hired a third party for front end engineering design. AMNT may also form a joint venture with another party to develop the smelter and also plans to maintain majority ownership of the smelter. AMNT expects to contribute access to land, the port and its power plant to the joint venture, with the joint venture partner making capital contributions for the construction of the smelter. AMNT currently is required to complete the smelter by 2022.

In 2018, AMNT and PT Amman Mineral Industri (a subsidiary of AMI) entered into a non-binding heads of agreement for the potential construction of a 300 MW onsite IPP for the smelter and future operations, including Elang mine development.

Batu Hijau Mine

The Batu Hijau mine site is located on the island of Sumbawa. The mine employs approximately 2,700 workers. Access to the site is possible by ferry from Lombok or by seaplane from either Lombok or Denpasar, Bali. Batu Hijau is a large porphyry copper and gold deposit which is mined using a standard open pit truck and shovel method. The site has supporting facilities owned by AMNT which include an ore processing plant capable of processing up to 120,000 tons per day and comprising two semi-autonomous grinding mills, four ball mills and flotation circuits, coal and diesel fired power stations totaling 157 MW, a deep water port, a ferry terminal and town site.

At the mine, ex-pit and stockpile ore are crushed and then transported from the mine by a six kilometer conveyor to the process plant, where it is finely milled and then treated by two stages of flotation resulting in a copper/gold concentrate containing approximately 20% to 30% copper. The concentrate is transported from the process plant through an 18-kilometer-long pipeline to the port at Benete where it is filtered and dried prior to ship-loading. AMNT's customers include traders and smelters outside of Indonesia under short to medium-term agreements.

Mining at Batu Hijau was previously focused on ore production from Phase 6, which was completed during 2017. Current mining at Batu Hijau is focused on stockpile processing and development of Phase 7. Overburden removal for Phase 7 has commenced in 2018. This overburden removal is required to access the ore in Phase 7 and is expected to take at least three years to fully complete, though we expect initial mining at Phase 7 to commence in the first half of 2020. During this hiatus in ex-pit ore production, Batu Hijau will raise capital and feed its processing plant from existing long-term stockpiles of lower grade ore resulting in lower metal production during the Phase 7 waste development period in order to generate cash for operating activities.

Gold

In 2018, AMNT had gold production of 70.9 thousand ounces and an average net realized price of US$1,224.90. Gold generally is used for fabrication or investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and jewelry. AMNT generally sells gold in U.S. dollars at the prevailing market price during the month in which the gold is delivered to the buyers.

Copper

In 2018, AMNT had copper production of 141.9 million pounds and an average net realized price of US$2.69. AMNT generally sells copper in U.S. dollars at the prevailing market price during the month in which the copper is delivered to the buyers. Copper sales are in the form of concentrate that is sold to smelters for further treatment and refining, and copper cathode (raw material for the production of copper rods for the wire and cable industry).

In 2017, the joint venture entity, AMIV, had net revenue of US$1,496.6 million.

The Energy Building

We, through our subsidiary AMG, own The Energy Building, the building in which we and most of our subsidiaries are headquartered. The Energy Building is a modern and intelligent building located in a strategic area of Jakarta, the Sudirman Central Business District ("SCBD"). The building occupies an area of 8,263 square meters, comprising 40 floors for office space and five basement floors for parking. The building was designed by Kohn Pedersen Fox, a prominent architecture firm from New York, USA, The Energy Building was built in 2006 with high-quality specifications and was fully operational by the end of 2008.

We acquired a 49% interest in AMG in 2013 and the remaining 51% in December 2015. In March 2019 we disposed of a 51% interest in AMG to a related party. See "Related Party Transactions — PT Medco Daya Abadi Lestari ("MDAL")." AMG leases the building to businesses which operate in a number of industries, mostly petroleum, mining, financial institutions and professional services. The building maintains an occupancy rate of 92.06% occupied as of December 31, 2018.

Categorized as a premium grade A office building, The Energy Building has extensive facilities including a multi-function Hall, a banking hall, international restaurants, a salon and wellness center, money changers, a post office, child care facilities, a pharmacy and a mini-market. Moreover, given the location in the SCBD, the building is in close proximity to other premium office buildings, shopping centers, hotels and apartments and is also easily accessible from other areas of Jakarta.

Competition

We face competition from other oil and gas companies including Pertamina, the state-owned national oil and gas company, in all areas of our oil and gas operations, including the acquisition of production sharing arrangements. Our competitors in Indonesia and South East Asia include international oil and gas companies, many of which are large, well-established companies with substantially greater capital resources and larger operating staff than we have and many of which have been engaged in the oil and gas business for a longer period than us. Such companies may be able to offer more attractive terms when bidding for concessions for exploratory prospects and secondary operations, to pay more for productive natural gas and oil properties and exploratory prospects, and to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial, technical or personnel resources permit. Our ability to acquire production sharing arrangements and to discover, develop and produce reserves in the future will depend upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. However, given the importance of the oil and gas industry to the Indonesian economy, local participation has been actively encouraged by the Government. Being one of the few Indonesian companies involved in the oil and gas exploration and production industry, we believe we have certain advantages when seeking to expand our business in this sector.

Indonesia's independent power sector is fragmented, with multiple IPPs operating in the small-to-medium-sized (< 400 MW capacity) and large-sized segments (> 400 MW). Local Indonesian power players generally operate across multiple segments but are largely focusing on the small-to-medium-sized segments. Indonesia Power and PJB (both state-owned) are the strongest local players as they are well-positioned in the market due to their legacy and relationship with PLN and the government. International power players largely operate in the large sized segment with their main focus being coal and geothermal resources. MPI mainly competes for new projects based on tariff pricing and technical quality location.

AMNT competes with other copper and gold mines, primarily in Asia. AMNT competes based on track record in fulfilling orders, fulfilling customer commitments and ore quality.

Operating Hazards, Insurance and Uninsured Risks

Our main operations are subject to hazards and risks inherent in the exploration, production and transportation of natural gas and oil, and through AMNT and MPI, mining and power generation. Such risks and hazards include fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills; most of which can result in the loss of hydrocarbons, mineral and power production, environmental pollution, personal injury claims and other damage to our properties. As protection against operating hazards, we maintain insurance coverage against some, but not all, potential losses. Our coverage includes, but is not limited to, physical damage on certain assets, control of wells, blowouts and certain costs of pollution control, comprehensive general liability including automobile and worker's compensation. In line with what we believe to be industry practice, we do not carry business interruption insurance.

Safety

We have extensive safety procedures designed to ensure the safety of our workers, assets, the public and the environment. General safety procedures are available at the corporate level. More specific procedures are developed by each operating subsidiary to manage high risk jobs or tasks. Working procedures must be available, approved and reviewed by authorized person before a high risk job can be undertaken.

It is our policy that in the event of any conflict between the progress of work and safety or environmental concerns, the safety of employees (including third parties) and preservation of the environment are paramount. We also continue to build employee and contractor HSE basic competence. Basic standardized training ensures that all employees and contractors have similar HSE insight and knowledge.

We have implemented an HSE management system known as Performance Integrity of Medco E&P ("PRIME"). PRIME uses a structured approach applied in order to ensure that our business activities fulfill and comply with relevant legal and other requirements relating to HSE. Our management system is aligned with management system models and structures in OHSAS 18001, ISO 9001, ISO 14001, and include the relevant requirements of ISRS 7th. We have also developed our operating systems, guidelines and standard operating procedures to comply with PRIME procedures.

As a result of our robust HSE programs, we recorded a total recordable incident rate of 1.01 in our oil and gas exploration and production domestic operations, which we believe is in line with top-level performance in the exploration and production industry. In 2016, we received several safety awards from MEMR: the Patra Nirbhaya Karya Madya for Tarakan PSC, Patra Nirbhaya Karya Pratama for Lematang PSC, and Patra Nirbhaya Karya Utama in Senoro-Toili. Patra Nirbhaya awards are awarded in recognition of the success rate of an oil and gas company in ensuring the continuity of safety in oil and gas business activities.

Employees

We had 4,066 employees in Indonesia as of December 31, 2018, of which 2.533 were permanent employees and 1,533 were contract employees.

The following table sets forth the number of our regular employees, temporary employees and total employees for the periods indicated below.

As of December 31,	Permanent Employees	Contract Employees	Total
2016	2,398	1,287	3,685
2017	2,433	1,450	3,883
2018	2,533	1,533	4,066

Our employees have seven labor unions, and we have signed collective bargaining agreements with a term of two years with a one-year optional extension. As of December 31, 2018, these unions have approximately 1,311 members, or 51.76% of our regular workforce. Our oil and gas business has not been subject to any material strikes or other labor disturbances that have interrupted our operations. AMNT and MPI have been subject to certain labor disturbances. See "Risk Factors—Risks Relating to Our Business and Operations—Our operations could be disrupted by community or labor issues." We believe we have a good and cooperative relationship with our employees.

Environmental

Our operations are primarily currently subject to Indonesian laws and regulations governing the environment or otherwise relating to environmental protection. These laws and regulations require the acquisition of a permit before drilling commences development construction, which restrict the types, quantities and concentration of various substances that can be released into the environment related to drilling and production operation activities, and limit or prohibit drilling activities on certain lands lying within wilderness, natural reserves, wetlands and other protected areas. The regulations also require parameter measurement to prevent pollution resulting from former or recent operations, such as plug abandoned wells, and impose substantial liabilities for pollution resulting from our operations. To some extent, the regulatory system regulates the oil and gas industry such that the cost of doing business increases and consequently affects its profitability. Changes in environmental laws and regulations may result in more stringent and costly waste handling, disposal and clean-up requirements and this could have a significant impact on our operating costs, as well as the oil and gas industry in general. Management believes that we are in compliance with current applicable environmental laws and regulations in all material respects and that continued compliance with existing requirements will not have a material adverse impact on us.

The Government has imposed environmental regulations on oil and gas companies operating in Indonesia and in Indonesian waters. Operators are prohibited from allowing oil into the environment and must ensure that the area surrounding any onshore well is restored to its original state after the operator has ceased to operate on the site. Environmental impact study and a Government permit are required before any exploration work can commence. Under the Oil and Gas Law, SKK MIGAS has direct control over operators to ensure that they meet the Government regulations. We are required to provide a report containing an environmental impact analysis to the Indonesian environmental agency on a bi-annual basis.

We believe we have demonstrated our compliance with regulations, particularly in environmental aspects. We have consistently received Blue, Green and Gold (being the highest rating) PROPER awards from the Environmental & Forestry Ministry for certain of our Indonesian assets. While we have generally received Blue, Green and Gold PROPER awards from the Environmental & Forestry Ministry for certain of our Indonesian assets, in 2016, we received a Red rating from Environmental and Forestry Ministry for our Bawean PSC, which we sold in 2017, due among other things to the Government's request for a wastewater treatment facility to be constructed. A Red rating means that we have made efforts to be in compliance, but are not completely in compliance with regulations. AMNT's mining business is also subject to Indonesian environmental regulations. See "Regulatory Overview—Legal Framework for Environmental."

In 2017, we implemented a new HSE management system which is both corporate and project-based, and which, among other things, improves our ability to monitor and identify risks and assists in compliance with the Equator Principles, which is a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in projects. We also appointed a new head of sustainability. In December 2018, we issued a sustainability report, describing among other things our strategies and progress with respect to sustainability, health and safety and environmental management.

We have a strong commitment to participation in reducing the effects of climate change. Energy-related activities contribute around 70% of global greenhouse gas ("GHG") emissions, with oil and gas jointly representing approximately 60% of those energy-related emissions through their extraction, processing and subsequent combustion. While the direct emissions of the oil and gas sector are significant contributors to total global GHG emissions, the bulk of GHG emissions generated through the oil and gas lifecycle are in the consumption and combustion of final products and remain beyond the boundaries of oil and gas companies' operations. Indonesia has ambitious goals to reduce greenhouse gas emissions by 26% away from "business-as-usual" levels by 2020, or by as much as 41% with international support, while at the same time maintaining strong economic growth. As an energy company that mainly does exploration and development in the oil and gas industry, we are highly committed to overcoming the effects of climate change. We conduct efforts to minimize our GHG emissions and to instill good practices in terms of energy and resource efficiency. We minimize our GHG emissions by monthly monitoring of GHG emissions and a reporting process to our board of directors, and we also continuously seek to innovate processes to perform energy efficiency activities. We also report our GHG emission levels to the Ministry of Environment and Forestry on an annual basis. We have also taken measures including converting our operational vehicles from fossil fuel-based engines to gas-based engines, pioneering the reduction and utilization of flaring gasses across multiple assets, and applying low-pressure gas emission reductions and utilization with low pressure compressors (gas jack) in asymptotic conditions.

Corporate Social Responsibility

Our Corporate Social Responsibility ("CSR") program is designed and managed to benefit the stakeholders around our main operating areas and is customized according to each community's primary needs and competencies. In each community, our CSR investments are focused on three policy pillars:

- to foster empowerment and entrepreneurship;
- to manage and mitigate security risks to our operations; and
- to encourage and invest in the development of environmentally friendly renewable energy.

We have CSR programs in operations ranging from East Aceh (Aceh), Anambas (Riau Islands), Banyuasin, Empat Lawang, Lahat, Musi Rawas, Musi Banyuasin, Muara Enim, Penukal Abab and Lematang Ilir (South Sumatra), Tarakan (North Kalimantan). Such programs have included, among others, promoting sustainable agriculture involving more than 1,600 farmers in 30 villages, supporting the cultivation of medicinal herbs and organic vegetables in 2,000 family gardens in 37 villages, providing goats and goat farming training, supporting honey bee cultivation, providing electricity to 623 houses in five villages, teacher training, a mobile library, village libraries, scholarships, books, student supplies, support for environmental programs such as waste management and school-based environmental programs, support for rehabilitation of social and public facilities, and providing assistance to victims of national disaster.

We have consistently received Blue, Green and Gold PROPER awards from the Environmental & Forestry Ministry for certain of our Indonesian assets.

Legal Proceedings

From time to time, we have been and may be a party to various legal proceedings.

We are not currently a party to any other pending legal proceedings that we believe will have a material adverse effect on our business, financial condition or results of operations.

PROPOSED ACQUISITION OF OPHIR

Overview

On January 30, 2019, the Parent Guarantor and the boards of directors of our wholly owned subsidiary, MEG, and Ophir, reached an agreement on the terms of a recommended cash offer made by MEG, to acquire the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). On March 20, 2019, the Parent Guarantor and the boards of directors of MEG and Ophir announced that the parties had reached agreement on the terms of an increased recommended all cash offer by MEG. Ophir is an independent upstream oil and gas exploration and production company, with a diversified portfolio of producing, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 and has been listed on the London Stock Exchange since 2011.

In 2018, Ophir agreed to acquire a package of Southeast Asian assets ("Santos Assets") from Santos Limited, an Australian listed oil and gas company. The portfolio of assets includes (i) the Santos Assets, which are producing assets in Vietnam and Indonesia (the "Santos Producing Assets") and (ii) exploration and appraisal assets in Malaysia, Vietnam and Bangladesh. Ophir completed the purchase of the Santos Producing Assets in September 2018 and the Malaysia exploration and appraisal asset in December 2018. The purchase of the exploration and appraisal assets in Vietnam and Bangladesh is conditional on regulatory consents and is expected to be completed in the first half of 2019.

Ophir has a production and development business with net proved and probable reserves (working interest basis) of 70.1 MMBOE as of December 31, 2018 and with average daily production for 2018 of 29.7 MBOE/d (on a pro forma basis including production for the year ended December 31, 2018 from the Santos Assets).

The Ophir Information has been extracted solely from Public Sources. None of the Ophir Information has been independently verified by us, our independent auditors or the Initial Purchasers. Ophir does not have any direct or indirect interest in the Notes to be issued by the Issuer and does not and will not accept any claims or liabilities suffered by us or any prospective bondholder or other third party, arising howsoever, directly or indirectly, from reliance made on any representations or statements contained in this Offering Circular or from the issue of the Notes. See "Risk Factors — Risks Relating to the Acquisition — We do not currently control the Ophir Group and the Ophir Information has been extracted from Public Sources which may be less reliable than information provided about our operations, business and financial condition."

Structure of the Acquisition

Scheme of Arrangement

On January 30, 2019, the Parent Guarantor and the boards of directors of our wholly owned subsidiary, MEG, and Ophir, reached an agreement on the terms of a recommended cash offer made by MEG, to acquire the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). On March 20, 2019, the Parent Guarantor and the boards of directors of MEG and Ophir announced that the parties had reached agreement on the terms of an increased recommended all cash offer by MEG. It is intended that the Acquisition will be effected by the Scheme of Arrangement between Ophir and its shareholders. The purpose of the Scheme of Arrangement is to provide for MEG to become the owner of the entire issued and to-be-issued share capital of Ophir (other than any Ophir ordinary shares held by Ophir in treasury). Approval of the Scheme of Arrangement by a majority in number representing 75% of relevant Ophir shareholders present and voting (either in person or by proxy), was obtained on March 25, 2019.

The Acquisition is subject to the satisfaction (or, where applicable, waiver) of certain conditions, some of which have not yet been fulfilled. The remaining conditions to be fulfilled include, but are not limited to, the court sanctioning the Scheme of Arrangement, the delivery of a copy of the court order sanctioning the Scheme of Arrangement to the Registrar of Companies; Ophir not losing all or substantially all of its Bualuang interests

in Thailand; and no adverse regulatory action being taken in respect of such interests; and receipt of necessary regulatory and antitrust approvals in Tanzania. See "Risk Factors — Risks Relating to the Acquisition — The Acquisition is subject to various closing conditions, including governmental and regulatory approvals, as well as other uncertainties, and there can be no assurances as to whether or when it may be completed. Failure to complete the Acquisition could negatively impact our business and financial results" and "Risk Factors — Risks Relating to Indonesia and Certain Other Countries Where We Operate — Political conditions in Thailand could impact our business."

We and Ophir have agreed to jointly approach the regulators in the various jurisdictions in which Ophir has operations in order to facilitate a smooth transition.

Upon the Scheme of Arrangement becoming effective it will be binding on all Ophir shareholders (other than excluded shareholders, if any). MEG is required to pay the consideration for the shares of Ophir no later than 14 days after the Scheme of Arrangement becomes effective. Ophir shares are expected to be delisted on or shortly after the day on which the Scheme of Arrangement becomes effective.

The long-stop date for the Scheme of Arrangement to become effective is June 20, 2019 and may be extended by agreement between MEG and Ophir with approval of the Panel and, if required, the court.

The Scheme of Arrangement is governed by English law and is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the Listing Rules.

Bridge Credit Agreement

In connection with the obligation to have certain funds for the recommended cash offer in accordance with applicable law, the Parent Guarantor and certain of its subsidiaries, including MEG as the borrower, entered into a bridge credit agreement, dated January 4, 2019 (as amended by the First Amendment to Bridge Credit Agreement, dated January 24, 2019, and as further amended, supplemented or otherwise modified) with Standard Chartered Bank, the other lenders party thereto and Standard Chartered Bank (Hong Kong) Limited, as administrative agent, which provides for a bridge term loan facility in the aggregate principal amount of US$550 million (the "Bridge Loan Facility") for the purpose of financing the Acquisition. The Company intends to finance the Acquisition using the net proceeds of the offering. See "Use of Proceeds." In the event that the proceeds from this offering are sufficient to finance the Acquisition, including the fees, expenses, costs or charges that are incurred in connection with the Acquisition, the Parent Guarantor does not indeed to draw on the Bridge Loan Facility.

SUMMARY OPHIR FINANCIAL, OPERATING AND RESERVE DATA

The following tables set forth certain summary consolidated financial data of the Ophir Group as of the dates and for each of the periods indicated. The summary consolidated financial information as of and for the years ended December 31, 2016, 2017, and 2018 included in this Offering Circular are derived from Ophir's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union and are included elsewhere in this Offering Circular.

Ophir's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 included in this Offering Circular have been audited by Ernst & Young LLP in accordance with International Standards on Auditing in the United Kingdom and applicable law, as stated in their audit reports appearing elsewhere in this Offering Circular.

	Year Ended December 31,		
	2016	2017	2018
	(US$ in thousands)		
Continuing operations			
Revenue	107,178	188,527	298,246
Cost of sales	(95,443)	(147,577)	(199,208)
Gross profit	**11,735**	**40,950**	**99,038**
Share of profit of investments accounted for using the equity method	4,417	4,181	4,858
Impairment (losses)/reversal of oil and gas properties	84,100	23,681	(13,500)
Impairment of investments accounted for using the equity method	—	(7,800)	(45,000)
Impairment of non-current assets held for sale	—	—	(613,652)
Exploration expenses	(135,252)	(91,836)	(130,406)
General and administration expenses	(13,428)	(11,279)	(10,861)
Gain on bargain purchase	—	—	57,542
Other operating (expenses)/gains	19,945	(11,699)	(40,763)
Operating loss	**(28,483)**	**(53,802)**	**(692,744)**
Net finance expense	(21,595)	(12,907)	(27,187)
Other financial gains	—	2,300	160
Loss from continuing operations before taxation	**(50,078)**	**(64,409)**	**(719,771)**
Taxation expense	(27,368)	(47,383)	(61,899)
Loss from continuing operations for the year	**(77,446)**	**(111,792)**	**(781,670)**

	Year Ended December 31,		
	2016	2017	2018
	(US$ in thousands)		
Non-current assets			
Exploration and evaluation assets	310,229	247,944	196,142
Oil and gas properties	699,000	699,669	917,088
Other property, plant and equipment	3,706	2,211	1,380
Investments accounted for using the equity method	130,736	120,964	76,084
Other long term receivables	21,103	21,205	91,068
	1,164,774	**1,091,993**	**1,281,762**
Current assets			
Assets classified as held for sale	588,770	604,432	—
Inventory	46,738	40,647	33,517
Derivative financial instruments	—	—	9,970
Taxation receivable	15,178	9,125	9,140
Trade and other receivables	32,319	24,656	58,976
Cash and cash equivalents	360,424	223,779	323,414
	1,043,429	**902,639**	**435,017**
Total assets	**2,208,203**	**1,994,632**	**1,716,779**
Current liabilities			
Trade and other payables	(93,398)	(52,374)	(98,984)
Interest-bearing bank borrowings due within one year	(9,741)	—	(103,200)
Taxation payable	(13,226)	(30,282)	(37,195)
Provisions	(15,833)	(9,399)	(33,604)
Derivative financial instruments	—	(3,582)	—
	(132,198)	**(95,637)**	**(272,983)**
Non-current liabilities			
Trade and other payables	(10,285)	(15,279)	(14,739)
Interest-bearing bank borrowings	(83,915)	—	(142,499)
Bonds payable	(106,651)	(106,651)	(106,650)
Provisions	(50,550)	(51,265)	(130,676)
Deferred tax liability	(249,527)	(264,491)	(353,548)
Net defined benefit liability	—	—	(14)
	(500,928)	**(437,686)**	**(748,126)**
Total liabilities	**(633,126)**	**(533,323)**	**(1,021,109)**
Net assets	**1,575,077**	**1,461,309**	**695,670**
Capital and reserves			
Called up share capital	3,061	3,061	3,061
Reserves	1,572,296	1,458,528	692,609
Equity attributable to equity shareholders of the company	**1,575,357**	**1,461,589**	**695,670**
Non-controlling interest	(280)	(280)	—
Total equity	**1,575,077**	**1,461,309**	**695,670**

	Year Ended December 31,		
	2016	2017	2018
	(US$ in thousands)		
Net cash flows generated from/(used in) operating activities	(9,016)	108,684	107,419
Net cash flows used in investing activities	(169,681)	(136,425)	(246,836)
Net cash inflows/(outflows) from financing activities	(75,625)	(108,872)	238,613
Effect of exchange rates on cash and cash equivalents	177	(32)	439
Increase/(decrease) in cash and cash equivalents	(254,145)	(136,645)	99,635
Cash and cash equivalents at the beginning of the year	614,569	360,424	223,779
Cash and cash equivalents at the end of the year	360,424	223,779	323,414

Summary Operating and Reserve Data

The table below sets forth certain operating and reserves data for the years ended December 31, 2016, 2017 and 2018.

	For the Years Ended December 31,		
	2016	**2017**	**2018**
Reserves			
Oil			
Proved (MMstb)	15.3	22.1	24.4
Proved and probable (MMstb)	22.7	29.8	37.2
Proved and probable and possible (MMstb)	30.7	40.7	50.4
Gas			
Proved (hscf)	97.6	83.9	137.6
Proved and probable (hscf)	120.5	111.0	114.5
Proved and probable and possible (hscf)	123.7	114.5	221.9
Total Proved Reserves (MMBOE)	**32.7**	**37.2**	**49.0**
Total Proved and Probable (MMBOE)	**43.9**	**49.4**	**70.1**
Total Proved and Probable and Possible (MMBOE)	**52.5**	**60.9**	**90.4**
Contingent Resources			
Oil Proved and probable (MMstb)	20.7	12.7	16.9
Gas Proved and probable (hscf)	5,881.3	5,868.9	3,441.1
Total Proved and Probable (MMBOE)	**1006.0**	**995.7**	**596.6**
Production			
Total Production (BOE/d))	10,800	11,700	29,700[(1)]/17,100[(2)]
Realized Price and Unit Costs			
Operating cost (US$ per boe)	14	13	12
Oil average realized sales price (US$ per BBLS)	37.85	51.15	66.62
Gas average realized sales price (US$ per Mscf)	—	5.2	5.9

Notes:

(1) Includes full year production from the Santos Assets.

(2) Includes production from Santos Assets starting from September 6, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE OPHIR GROUP

The following discussion of the financial condition and results of operations of the Ophir Group should be read in conjunction with the Ophir Group's consolidated financial statements included elsewhere in this Offering Circular and with the information relating to the business of the Ophir Group included elsewhere in this Offering Circular. This discussion involves forward-looking statements that reflect the current view of management and involve risks and uncertainties. The actual results of the Ophir Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Offering Circular, particularly in "Risk Factors." Investors should read the whole of this Offering Circular and not rely just on summarized information.

The financial data for the Ophir Group included in this Offering Circular is presented as of the dates indicated and no steps have been taken to ascertain whether there have been any updates, including any trends or events, subsequent to the dates indicated. Ophir's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union, which differs in certain material respects from U.S. GAAP.

The Ophir Information has been extracted solely from Public Sources. None of the Ophir Information has been independently verified by us, our independent auditors or the Initial Purchasers. Ophir does not have any direct or indirect interest in the Notes to be issued by the Issuer and does not accept any claims or liabilities suffered by the us or any prospective bondholder or other third party, arising howsoever, directly or indirectly, from reliance made on any representations or statements contained in this Offering Circular or from the issue of the Notes. See "Risk Factors — Risks Relating to the Acquisition — We do not currently control the Ophir Group and the Ophir Information has been extracted from Public Sources which may be less reliable than information provided about our operations, business and financial condition."

Overview

Ophir is an independent upstream oil and gas exploration and production company, with a portfolio of production, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 and has been listed on the London Stock Exchange since 2011 and is expected to be de-listed upon completion of the Acquisition.

In 2015, Ophir acquired certain producing assets through its acquisition of Salamander Energy plc. In September 2018, Ophir completed the purchase of production and development licenses from Santos Limited, including working interests in producing assets in Vietnam and Indonesia, which increased the Ophir Group's aggregate production, reserves and resources.

Ophir has built a production and development business with proved and probable reserves (working interest basis) of 70.1 MMBOE as of December 31, 2018, and with average daily production for the year ended December 31, 2018 of 29.7 MBOE/d (on a pro forma basis including production for the year ended December 31, 2018 from the Santos Assets).

For the years ended December 31, 2017 and 2018, Ophir's revenue was US$188.5 million and US$298.2 million, respectively, and gross profit was US$41.0 million and US$99.0 million, respectively.

Key Factors Affecting the Ophir Group's Results of Operations

- *Acquisitions*: Ophir acquired producing assets through its acquisition of Salamander Energy plc in 2015 and acquired the Santos Producing Assets in 2018. The acquisition of Salamander Energy plc included interests in producing assets, including the Bualuang concession in Thailand, Bangkanai PSC in

Indonesia, and Sinphuhorm concession in Thailand. The Santos Producing Assets include interests in producing assets including a 31.875% working interest in the Block 12W PSC in in Vietnam, a 45% interest in the Sampang PSC and a 67.5% working interest in the Madura Offshore PSC, each in East Java, Indonesia. These acquisitions increased Ophir's production volume and revenues. In addition, Ophir recognized a gain on bargain purchase in 2018 in connection with the acquisition of the Santos Producing Assets of US$57.5 million, reflecting the excess of the fair value of the net assets acquired over the purchase consideration. The Santos Producing Assets have contributed US$85.1 million and $84.9 million to Ophir's revenue and profit before tax (including the gain on bargain purchase), respectively, since September 6, 2018, the date of Ophir's acquisition of the Santos Producing Assets. Had the acquisition date been January 1, 2018, the Santos Producing Assets would have contributed US$267.1 million and US$229.5 million to Ophir's revenue and profit before tax (including the gain on bargain purchase), respectively;

- *Impairment (losses) and reversals on assets*: In 2018, Ophir recorded a US$613.7 million impairment of non-current assets held for sale, relating to the non-renewal of the Block R license in Equatorial Guinea (containing the Fortuna discovery) which expired at the end of 2018. The asset was classified as a non-current asset held for sale and has been fully impaired. Ophir's results have been significantly affected by impairments and reversal of impairments on oil and gas properties and on its equity-accounted-for investments, which have been made based on determinations on the amount of reserves and resources at the relevant fields. Impairments for producing assets are based on a comparison of carrying values with assessment of value in use; and
- *Oil and gas prices and production volume*: Ophir's revenues are significantly impacted by its production volume and by oil prices. Ophir's sales of oil are impacted by movements in global oil prices. We believe that similar to our business, a significant percentage of Ophir's gas sales are made pursuant to fixed price contracts. As a result, we believe that Ophir's gas sales are not as impacted by movements in commodity prices as oil sales. Ophir's production volumes have been impacted by the amount of its reserves at producing blocks, which in turn has been impacted by its acquisitions.

Critical Accounting Policies

Please see Note 2 to Ophir's consolidated financial statements included elsewhere in this Offering Circular for a description of Ophir's significant accounting policies.

Results of Operations

The following table sets out the Ophir Group's results of operations for the year ended December 31, 2016, 2017 and 2018:

	Year Ended December 31,		
	2016	2017	2018
	(US$ in thousands)		
Continuing operations			
Revenue	107,178	188,527	298,246
Cost of sales	(95,443)	(147,577)	(199,208)
Gross profit	**11,735**	**40,950**	**99,038**
Share of profit of investments accounted for using the equity method	4,417	4,181	4,858
Impairment **(losses)**/reversals of oil and gas properties	84,100	23,681	(13,500)
Impairment of investments accounted for using the equity method	—	(7,800)	(45,000)
Impairment of non-current assets held for sale	—	—	(613,652)
Exploration expenses	(135,252)	(91,836)	(130,406)
General and administration expenses	(13,428)	(11,279)	(10,861)
Gain on bargain purchase	—	—	57,542
Other operating (expenses)/gains	19,945	(11,699)	(40,763)
Operating loss	**(28,483)**	**(53,802)**	**(692,744)**
Net finance expense	(21,595)	(12,907)	(27,187)
Other financial gains	—	2,300	160
Loss from continuing operations before taxation	**(50,078)**	**(64,409)**	**(719,771)**
Taxation expense	(27,368)	(47,383)	(61,899)
Loss from continuing operations for the year	**(77,446)**	**(111,792)**	**(781,670)**

Comparison of 2018 and 2017

Revenue

Revenue increased by 58.2% to US$298.2 million for the year ended December 31, 2018 from US$188.5 million for the year ended December 31, 2017. This increase was mainly attributable to an increase in production to an average of 17,100 BOE/d in 2018 as compared to 11,700 BOE/d in 2017. The increase in production primarily resulted from the acquisition of the Santos Assets, successful intervention work by the operator, Premier, on the Chim Sao field in Vietnam, and outperformance of the fields in the Madura Offshore and Sampang PSCs in Indonesia, partly due to better than forecast reservoir performance and partly due to higher than predicted market demand in East Java. In addition, average realized prices for oil and condensate increased to US$66.62/bbl in 2018 from US$51.15/bbl in 2017 and average realized gas prices increased to US$5.94/Mscf in 2018 from US$5.18/Mscf in 2017. The increase in prices were primarily the result of higher crude oil prices.

Cost of Sales

Cost of sales increased by 35.0% to US$199.2 million for the year ended December 31, 2018 from US$147.6 million for the year ended December 31, 2017, primarily due to increases in operating costs (which primarily resulted from the Santos Assets and Ophir's increased production), royalties payable (consisting of royalty payments made in Thailand related to the Bualuang concession which is a tax and royalty regime rather than cost recovery regime, plus royalties payable under the Vietnam block 12W PSC and to a lesser extent consisting of production bonuses), depreciation and amortization of oil and gas properties resulting from Ophir's increased asset base.

Gross Profit

Gross profit increased by 141.5% to US$99.0 million for the year ended December 31, 2018 from US$41.0 million for the year ended December 31, 2017, primarily due to increased revenue. Gross profit margin increased to 33.2% in 2018 from 21.8% in 2017, primarily due to higher oil prices and continued cost reduction programs, which included, among others, headcount reduction.

Impairment (Losses) / Reversal of Oil and Gas Properties

Impairment (losses)/reversals of oil and gas properties consisted of an impairment expense of US$13.5 million for the year ended December 31, 2018 as compared to a gain of US$23.7 million for the year ended December 31, 2017. The impairment in 2018 primarily related to updated cost estimates for future development at the Bangkanai PSC in Indonesia. The reversal in 2017 was primarily the result of further increased reserves related to Bualuang infill drilling results.

Impairment of Investments

Impairment of investments accounted for using the equity method was US$45.0 million for the year ended December 31, 2018 as compared to US$7.8 million for the year ended December 31, 2017. In 2018, such impairment related to the Sinphuhorm field in Thailand, in which Ophir had a 9.5% interest accounted for using the equity method and where the impairment reflected downward revisions to gas-in-place assumptions for the wider-field resulting in reduced estimates for contingent resources. The impairment for the year ended December 31, 2017 primarily related to the effect of lower customer nominations under take or pay arrangements and a reclassification of reserves to resources at the Sinphuhorm field in Thailand.

Impairment of Non-Current Assets Held for Sale

For the year ended December 31, 2018, Ophir recorded a US$613.7 million impairment of non-current assets held for sale, relating to the non-renewal of the Block R license in Equatorial Guinea (containing the Fortuna discovery) which expired at the end of 2018. The asset was classified as a non-current asset held for sale and has been fully impaired.

Exploration Expenses

Exploration expenses increased by 42.0% to US$130.4 million for the year ended December 31, 2018 from US$91.8 million for the year ended December 31, 2017, primarily due to write-offs related to Ophir's decision to relinquish certain exploration licenses in Indonesia and Myanmar as well as exploration inventory written off in 2018.

Gain on Bargain Purchase

Ophir recorded a gain on bargain purchase for the year ended December 31, 2018 of US$57.5 million, reflecting the excess of the fair value of the net assets acquired over the purchase consideration with respect to the acquisition of the Santos Producing Assets.

Other Operating Expenses

Other operating expenses increased by 248.7% to US$40.8 million for the year ended December 31, 2018 from US$11.7 million for the year ended December 31, 2017, primarily due to restructuring costs related to the downsizing of the London headquarters, license exit costs relating to minimum working commitment penalties at Northeast Bangkanai PSC and seismic costs in Myanmar (although Ophir has not exited the licenses in 2018, these were recognized under IFRS on the basis that Ophir would be relinquishing the licenses or farming out) and corporate transaction costs consisting, among others, of corporate transaction fees paid in connection with the acquisition of the Santos Assets.

Net Finance Expenses

Net finance expenses increased by 110.9% to US$27.2 million for the year ended December 31, 2018 from US$12.9 million for the year ended December 31, 2017, primarily due to amortization of fees and other interest costs which resulted from Ophir having entered into two new borrowings which resulted in capitalized arrangement and other fees related to extinguished borrowings being expensed during the year and to increased interest expenses.

Taxation Expenses

Taxation expense increased by 30.6% to US$61.9 million for the year ended December 31, 2018 from US$47.4 million for the year ended December 31, 2017, primarily due to taxes payable in Thailand, Indonesia and Vietnam related to, among other things, the acquisition of the Santos Assets and an increase in a special remuneratory tax benefit arising from the Bualuang field in Thailand (such rate varies based on the level of annual revenue per cumulative meter drilled and was higher in 2018 than 2017).

Loss from Continuing Operations

As a result of the foregoing, loss from continuing operations for the year increased by 599.2% to US$781.7 million in 2018 from US$111.8 million in 2017.

Comparison of 2017 and 2016

Revenue

Revenue increased by 75.8% to US$188.5 million for the year ended December 31, 2017 from US$107.2 million for the year ended December 31, 2016. Average realized oil prices increased to US$51.15/bbl in 2017 compared to US$37.85/bbl in 2016. The increased prices were primarily the result of higher market prices. Production increased to an average of 11,700 BOE/d in 2017 as compared to 10,800 BOE/d in 2016. The increase in production primarily resulted from ramp up of production at the Kerendan gas field in Indonesia.

Cost of Sales

Cost of Sales increased by 54.7% to US$147.6 million for the year ended December 31, 2017 from US$95.4 million for the year ended December 31, 2016, primarily due to increases in depreciation and amortization of oil and gas properties resulting from an impairment reversal at Bualuang at the end of 2016, thus increasing the depreciable asset value leading to a higher charge in 2017. In addition, Phase IV on Bualuang reached final investment decision status in 2017 increasing future costs and the basis for depreciation charge, operating costs and royalties payable.

Gross Profit

Gross profit increased by 250.4% to US$41.0 million for the year ended December 31, 2017 from US$11.7 million for the year ended December 31, 2016, primarily due to increased revenue. Gross profit margin increased to 21.8% for the year ended December 31, 2017 from 10.9% for the year ended December 31, 2016, primarily due to higher oil prices and cost reduction programs aimed at managing margins in light of a general decline in oil prices during recent years.

Impairment Reversal of Oil and Gas Properties

Impairment reversals of oil and gas properties decreased to US$23.7 million for the year ended December 31, 2017 as compared to US$84.1 million for the year ended December 31, 2016. The impairment reversals for the year ended December 31, 2017 and for the year ended December 31, 2016 primarily related to an increase in reserves at the Bualuang field in Thailand resulting from positive results from infill drilling programs.

Impairment of Investments

For the year ended December 31, 2017, Ophir recorded impairment of investments accounted for using the equity method of US$7.8 million. The impairment for the year ended December 31, 2017 primarily related to the effect of lower nominations and a reclassification of reserves to resources at the Sinphuhorm field in Thailand. Ophir did not record impairment of investments accounted for using the equity method in 2016.

Exploration Expenses

Exploration expenses decreased by 32.2% to US$91.8 million for the year ended December 31, 2017 from US$135.3 million for the year ended December 31, 2016, primarily due to decreases in exploration expenditure written off and to a reversal of exploration inventory provision in 2017 (US$0.5 million credit) as compared to exploration inventory provision expenses in 2016 (US$14.6 million charge). Expenditure written off in 2017 was mainly attributable to Cote d'Ivoire and Gabon blocks which Ophir exited and in 2016 was mainly attributable to Ophir's decision to relinquish the G4/50 license in Thailand.

Other Operating Expenses

Other operating expenses were US$11.7 million for the year ended December 31, 2017 as compared to other operating gains of US$19.9 million for the year ended December 31, 2016, primarily due to a provision for exiting a contract having been released in 2016 and made in 2017 and the release of litigation provision in 2016.

Net Finance Expenses

Net finance expenses decreased to US$12.9 million for the year ended December 31, 2017 from US$21.6 million for the year ended December 31, 2016, primarily due to net foreign currency exchange losses in 2016.

Taxation Expenses

Taxation expense increased by 73.0% to US$47.4 million for the year ended December 31, 2017 from US$27.4 million for the year ended December 31, 2016, primarily due to an increase in the special remunatory benefit in 2017 arising from the Bualuang field in Thailand.

Loss from Continuing Operations

As a result of the foregoing, loss from continuing operations for the year increased by 44.4% to US$111.8 million for the year ended December 31, 2017 from US$77.4 million for the year ended December 31, 2016.

Liquidity and Capital Resources

General

Ophir's operations, capital expenditures and working capital requirements have been primarily funded from cash generated from operations and from borrowings, both short-term and long-term, including banking facilities and bonds.

As of December 31, 2018, Ophir had cash and cash equivalents of US$323.4 million.

	Year Ended December 31,		
	2016[1]	2017	2018
	(US$ in thousands)		
Net cash flows generated from/(used in) operating activities	(9,016)	108,684	107,419
Net cash flows used in investing activities	(169,681)	(136,425)	(246,836)
Net cash inflows/(outflows) from financing activities	(75,625)	(108,872)	238,613
Effect of exchange rates on cash and cash equivalents	177	(32)	439
Increase/(decrease) in cash and cash equivalents	(254,145)	(136,645)	99,635
Cash and cash equivalents at the beginning of the year	614,569	360,424	223,779
Cash and cash equivalents at the end of the year	360,424	223,779	323,414

Note:

(1) Sourced from the audited consolidated financial statements as of and for the year ended December 31, 2017.

Cash flows from operating activities

Net cash generated from operating activities was US$107.4 million for the year ended December 31, 2018 compared to US$108.7 million for the year ended December 31, 2017. These reflected cash flow from operations before working capital adjustments of US$167.7 million in 2018 and US$96.9 million in 2017, which increased due to increased production.

Net cash generated from operating activities was US$108.7 million for the year ended December 31, 2017, and net cash used in operating activities was US$9.0 million for the year ended December 31, 2016. The US$117.7 million increase in net cash generated from operating activities for the year ended December 31, 2017 compared to the year ended for the year ended December 31, 2016 was primarily a result of increased revenue from Bualuang and Kerendan and increased working interest production.

Cash flows used in investing activities

Net cash used in investing activities was US$246.8 million and US$136.4 million for the years ended December 31, 2018 and 2017, respectively. The US$110.4 million increase in net cash used in investing activities in 2018 compared to 2017 was primarily a result of cash paid in connection with acquisitions net of cash acquired, reflecting the acquisition of the Santos Assets.

Net cash used in investing activities was US$136.4 million and US$169.7 million for the year ended December 31, 2017 and the year ended December 31, 2016, respectively. The US$33.3 million decrease in net cash used in investing activities in 2017 compared to 2016 was primarily a result of reduced investment in additions to exploration and evaluation assets, partially offset by additions to oil and gas assets and other property, plant and equipment.

Cash flows from financing activities

Net cash inflows/(outflows) from financing activities was US$238.6 million and US$(108.9) million for the year ended December 31, 2018 and the year ended December 31, 2017, respectively. The US$347.5 million increase in net cash inflows from financing activities in 2018 compared to 2017 was primarily a result of changes in Ophir's debt profile including an increase in borrowings in connection with the acquisition of the Santos Assets in 2018 and the refinancing of a reserves based, senior secured lending facility in 2017.

Net cash used in financing activities was US$108.9 million in 2017 and US$75.6 million in 2016. The US$33.2 million increase in net cash used in financing activities in 2017 from 2016 was primarily a result of increased repayment of debt, which was in turn primarily the result of refinancing of a reserves based, senior secured lending facility in 2017.

Indebtedness

Ophir's material indebtedness contains change of control provisions and we intend to repay such facilities using our and Ophir's cash on hand within 30 days following completion of the Acquisition. The following table shows the amount of Ophir's indebtedness outstanding as at December 31, 2017 and 2018.

	As of December 31,		
	2016	2017	2018
	(US$ in thousands)		
Amounts due on maturity:			
Interest bearing bank loans	(93,636)	—	(245,699)
Bonds payable	(106,651)	(106,651)	(106,650)
Total gross debt	(200,307)	(104,801)	(358,000)
Less cash and cash equivalents	360,424	223,779	323,414
Total net (debt)/cash	**160,117**	**118,978**	**(34,586)**

Interest Bearing Bank Loans

Reserves Based Lending Facility

In 2017, Ophir repaid its outstanding debt on a 2012 reserves based lending facility by entering into a US$250 million reserves based lending facility Reserves Based Lending Facility ("RBLF") that matures on December 31, 2025 secured against the Ophir Group's producing assets in Southeast Asia. The RBLF originally had a seven-year term due to mature June 30, 2024. In addition to the committed US$250 million, a further US$100 million was available on an uncommitted "accordion" basis. Interest accrues at a rate of between 4% and 4.5% plus LIBOR depending on the maturity of the RBLF. In July 2018, US$150 million was drawn down from the RBLF.

In December 2018, Ophir exercised the accordion on the RBLF and increased the RBLF by US$100 million to US$350 million, and the maturity was extended by 18 months to December 31, 2025.

Fees totaling US$8.8 million have been incurred in relation to the RBLF and are being amortized over the term thereof. The borrowing base amount available on the RBLF as at December 31, 2018 was US$68 million.

We intend to repay the RBLF within 30 days following completion of the Acquisition.

Bonds Payable

The unsecured callable bonds were issued by Salamander Energy plc in December 2013 at an issue price of US$150 million. The bonds have a term of six years and one month. The bonds carry a coupon of 9.75% and were issued at par. As at December 31, 2018, US$ 106.7 million remained payable on the unsecured callable bonds. We intend to repay these bonds within 30 days following completion of the Acquisition.

Contractual Obligations, Excluding Long-term Debt

Operating Lease Commitments

As of December 31, 2016, 2017 and 2018, the Ophir Group had committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As of December 31,		
	2016	2017	2018
	(US$ in thousands)		
Due within one year	17,358	16,623	17,303
Due later than one year but within five years	66,305	66,820	72,043
Due later than five years	40,912	24,037	6,584
Total	**124,575**	**107,480**	**95,930**

Exploration Commitments

In acquiring its oil and gas interests, the Ophir Group has pledged that various work programs would be undertaken on each permit or interest. The exploration commitments in the following table are an estimate of the net cost to the Ophir Group of performing these work programs:

	As of December 31,		
	2016	2017	2018
	(US$ in thousands)		
Due within one year	46,870	4,830	3,635
Due later than one year but within two years	31,805	26,940	1,180
Due later than two years but within five years	1,240	90	28,660
Total	**79,915**	**31,860**	**33,475**

Capital Expenditures

Ophir's capital expenditures were US$156 million in 2016, US$101 million in 2017 and US$133 million in 2018.

Off-Balance Sheet Arrangements

Ophir enters into GSAs for gas sales and PSCs or similar arrangements for its oil and gas assets. See "Business of Ophir" and "Indonesia Market Report — Upstream Section" prepared by Wood Mackenzie and attached hereto under the heading "Indonesia Oil and Gas Market" for further information. Other than the foregoing, Ophir did not have any material off-balance sheet arrangements as of December 31, 2018.

Contingent Liabilities

Ophir has recorded certain contingent liabilities in connection with the acquisition of the exploration and appraisal assets from Santos Limited. The Acquisition of the Santos Producing Assets was completed on September 6, 2018. As part of this transaction, it was agreed that Ophir would also acquire the following interests in four additional exploration assets:

(i) a 20% non-operated interest in the Deepwater Block R PSC in Sabah, Malaysia;

(ii) a 50% operated interest in Block 123 PSC in the frontier Phu Khanh Basin, Vietnam;

(iii) a 40% non-operated interest in Block 124 PSC in the frontier Phu Khanh Basin, Vietnam; and

(iv) a 45% operated interest in Block SS-11 PSC, Bangladesh.

The acquisition of the Deepwater Block R PSC in Malaysia was completed in December 2018. Acquisition of the other assets has not yet been completed and is conditional on regulatory consents. If completion of any or all of the remaining exploration assets is terminated, Ophir has agreed to pay Santos Limited an amount in recognition of the ongoing commitments in respect of these exploration licenses that Santos will indirectly retain as a result of such termination. Ophir's best estimates of these ongoing work commitments as of December 31, 2018 are set out below:

Asset	Principal place of business	Activity
Block 123	Vietnam	$14.3 million
Block 124	Vietnam	$6.0 million
Block SS-11	Bangladesh	$5.5 million

Inflation

Inflation has not significantly impacted Ophir's results of operations in recent years.

Seasonality

Seasonality does not have a material impact on the demand and prices for crude oil and natural gas for Ophir.

Quantitative and Qualitative Disclosure About Market Risks

Commodity Price Risk

Ophir is exposed to fluctuations in prices of crude oil which is a commodity whose price is determined by reference to international market prices. International oil prices are volatile and this volatility has a significant effect on Ophir's revenues and asset values. In 2018, Ophir entered into two commodity price hedge programs with the financial effect of the hedges predominantly accounted for in Ophir's revenue. Ophir's strategy is to hedge the commodity on a defensive basis, protecting downside cash flow exposure to commodity price fluctuations while preserving as much upside cash flow exposure as possible. In late 2017, Ophir entered into a program against its full year 2018 Bualuang production for 3,200 BPD by selling a Brent swap at approximately US$60 per BBL and buying a Brent call at approximately US$68 per BBL. With Brent prices averaging $72 per BBL during 2018, Ophir booked a charge to revenue of US$8 million against the hedge. In August 2018, Ophir entered into a second program against the then newly acquired Vietnam Block 12W production for 2,000 BPD by selling a Brent swap at approximately US$70 per BBL and buying a Brent call at approximately US$78 per BBL. With Brent pricing averaging US$71 per BBL over the period of the hedge in 2018, it approximately broke even in 2018. Both of the foregoing programs combined represented about 13% of Ophir's pro forma total 2018 production and 25% of Ophir's pro forma oil and condensate production.

BUSINESS OF OPHIR

The Ophir Information has been extracted solely from Public Sources. None of the Ophir Information has been independently verified by us, our independent auditors or the Initial Purchasers. Ophir does not have any direct or indirect interest in the Notes to be issued by the Issuer and does not accept any claims or liabilities suffered by us or any prospective bondholder or other third party, arising howsoever, directly or indirectly, from reliance made on any representations or statements contained in this Offering Circular or from the issue of the Notes.

Overview

Ophir is an independent upstream oil and gas exploration and production company, with a portfolio of production, development and exploration assets in Indonesia, Thailand, Vietnam, Malaysia, Mexico and Tanzania. Ophir was founded in 2004 has been listed on the London Stock Exchange since 2011 and is expected to be de-listed upon completion of the Acquisition.

In 2015, Ophir acquired certain producing assets through its acquisition of Salamander Energy plc. In September 2018, Ophir completed the purchase of the Santos Producing Assets, which increased the Ophir Group's aggregate production, reserves and resources.

Ophir has built a production and development business with proved and probable reserves (working interest basis) of 70.1 MMBOE as of December 31, 2018, and with average daily production for the year ended December 31, 2018 of 29.7 MBOE/d (on a pro forma basis including production for the year ended December 31, 2018 from the Santos Assets).

Summary of Production Sharing Arrangements and Similar Contracts

The following table summarizes Ophir's production sharing arrangements and similar contracts:

Contract Area (Type)	Date of Acquisition	Effective Interest[3]	Gross Area (Km^2)	Contract Expiry Date	Operator
Vietnam:					
Producing Properties					
Block 12W (PSC)	2018	31.9%	182.26	2030	Premier Oil
Thailand:					
Producing Properties					
Bualuang oil field (Concession)	2015	100%	377	N/D	Ophir
Sinphuhorm gas field (Concession)	2015	9.5%	230	2021	PTT Exploration and Production Public Company Ltd
Indonesia:					
Producing Properties					
Bangkanai — Kerendan gas field (PSC)	2015	70%	1,385	2033	Ophir
Madura Offshore — Peluang and Maleo gas fields (PSC)	2018	67.5%	849.00	2027	Santos Madura
Sampang — Wortel and Oyong gas fields (PSC)	2018	45.0%	534.30	2027	Santos Sampang
Development Properties					
Madura Offshore — Meliwis field (PSC)	2018	77.5%	849.00	2027	Santos Madura
Exploration Properties					
North East Bangkanai (PSC)	2015	100%	5,455	2022	Ophir
West Bangkanai (PSC)	2015	70.0%	5,463	N/D	Ophir
Myanmar:					
Exploration Properties					
Block AD-5[2]	N/D	N/D	N/D	N/D	N/D
Mexico:					
Exploration Properties					
Block 5 (PSC)	2017	23.3%	N/D	N/D	Murphy
Block 10 (PSC)	2018	20.0%	N/D	N/D	N/D
Block 12 (PSC)	2018	20.0%	N/D	N/D	N/D
Malaysia:					
Exploration Properties					
Black PM-322 (Exploration License)	N/D	85.0%	N/D	N/D	N/D
Tanzania (LNG):					
Exploration Properties					
Block 1 (PSC)	2005	20%	8,169	N/D	N/D
Block 3 (PSC)	2006	20%	5,298	N/D	N/D
Block 4 (PSC)	2006	20%	3,806	N/D	N/D

Notes:

(1) Items marked as "N/D" refer to items where information was not reliably available or verifiable based on Public Documents.

(2) Ophir has decides to withdraw from the PSC and relinquish its licence to its A5 licence.

Reserves and Resources

Estimations or assessments of Ophir's blocks have been audited by ERCE, an independent consultancy firm specializing in geoscience evaluation and engineering and economics assessment, for the blocks listed below as of December 31, 2016, 2017 and 2018 with respect to net working interest reserves data and as of December 31, 2018 with respect to contingent resource data. Please see "Notice to Investors — Presentation of Oil and Gas Reserves Data." These net working interest values are calculated based upon Ophir's portion of the estimated gross proved reserves and gross proved and probable reserves attributable to Ophir's effective working interest, which have been derived from reserves estimations or assessments as of December 31, 2018. Certain of these reserve estimations or assessments may include projections, forecasts or other forward-looking statements, and any such information does not form part of this Offering Circular.

The following table sets forth the reserves of Ophir as of December 31, 2016, 2017 and 2018:

	Proved Reserves			Proved and Probable Reserves			Proved and Probable and Possible Reserves		
Reserves	Oil MMstb	Gas bscf	Total MMBOE	Oil MMstb	Gas bscf	Total MMBOE	Oil MMstb	Gas bscf	Total MMBOE
As of December 31, 2016	15.3	97.6	32.7	22.7	120.5	43.9	30.7	123.7	52.5
Additions	—	—	—	—	—	—	—	—	—
Revisions	10.0	(7.1)	8.8	10.3	(2.9)	9.8	13.2	(2.7)	12.7
Production	3.2	6.6	4.3	3.2	6.6	4.3	3.2	6.6	4.3
As of December 31, 2017	22.1	83.9	37.2	29.8	111.0	49.4	40.7	114.5	60.9
Purchased Assets from Santos Limited	6.3	32.6	12.3	9.7	74.2	23.3	13.2	104.9	32.4
Additions	—	—	—	—	—	—	—	—	—
Revisions	(1.0)	28.1	3.8	0.7	5.3	1.7	-0.5	9.6	1.3
Production	(3.0)	(7.0)	(4.2)	(3.0)	(7.0)	(4.2)	(3.0)	(7.0)	(4.2)
As of December 31, 2018	24.4	137.6	49.0	37.2	183.5	70.1	50.4	221.9	90.4

There are numerous uncertainties inherent in estimating natural gas and oil reserves, including many factors beyond the control of Ophir. See "Risk Factors — Risks Relating to the Acquisition — The oil and gas reserves data in this Offering Circular are only estimates and the actual production, revenue and expenditures achievable with respect to our reserves may differ from such estimates; there are no recent reserve estimations or assessments available for a significant portion of our reserves; and even for blocks where there are recent third-party reserves estimations or assessments, we have not attached these reports to this Offering Circular."

Contingent Resources

Contingent resources are quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.

The contingent resources set forth below are presented based on the "best estimate" scenario of contingent resources, or "2C," meaning that the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts has been assessed to be at least 50%.

The following table sets forth the Ophir Group's contingent resources as of December 31, 2016, 2017 and 2018:

	Proved Reserves			Proved and Probable Reserves			Proved and Probable and Possible Reserves		
Contingent Resource	**Oil MMstb**	**Gas bscf**	**Total MMBOE**	**Oil MMstb**	**Gas bscf**	**Total MMBOE**	**Oil MMstb**	**Gas bscf**	**Total MMBOE**
As of December 31, 2016	14.3	4355.0	741.8	20.7	5881.3	1006.0	31.3	8656.8	1486.0
Additions	(0.3)	(9.2)	(2.0)	(0.5)	(16.1)	(3.4)	(1.9)	(45.2)	(10.1)
Revisions	(3.0)	6.3	(1.9)	(7.5)	3.7	(6.8)	6.1	9.0	7.7
As of December 31, 2017	11.0	4352.1	737.9	12.7	5868.9	995.7	35.5	8620.6	1483.5
Purchased via. Santos Asia acquisition	0.1	14.6	2.7	2.1	40.5	9.5	—	38.0	7.0
Additions	—	(2,027.2)	(337.9)	—	(2,404.0)	(400.7)	—	(2,889.6)	(481.6)
Revisions	1.9	30.2	7.8	2.1	(64.3)	(7.9)	7.5	(740.2)	(116.1)
As of December 31, 2018	13.0	2,369.7	410.5	16.9	3,441.1	596.6	43.0	5,028.8	892.8

Production

The Ophir Group's oil and gas activities involve upstream activity, exploration, development and production of crude oil and natural gas. The table sets forth production from the Ophir Group's producing assets.

BOE/d	**Pro Forma 2018 Production[1]**	**Actual 2018 Production[2]**	**2017 Production**	**2016 Production**
Bangkanai	2,300	2,300	2,100	200
Madura Offshore	6,200	2,000	n/a	n/a
Sampang	3,100	1,000	n/a	n/a
Bualuang	8,100	8,100	8,400	8,700
Block 12W	8,700	2,400	n/a	n/a
Sinphuhorm	1,300	1,300	1,200	1,900
Total	**29,700**	**17,100**	**11,700**	**10,800**

Notes:

(1) Includes full year production from the Santos Assets.

(2) Includes production from Santos Assets starting from September 6, 2018.

Exploration and Development

Ophir is involved in both exploration (the search for oil and gas) and development (the drilling and development of facilities) to bring oil and gas into production and to market. Ophir announced a strategic update in September 2018, pursuant to which, among other things, it plans to minimize its exposure to frontier exploration and focus on nearer field exploration opportunities that can drive production growth and/or extend field life.

Description of Key Oil and Gas Properties

The following is a summary of Ophir's key producing blocks, including information on geographical size and location, status and type of contract, Ophir's participating interest in the assets, processing and sales arrangements and other similar information.

Sinphuhorm field, Thailand

Location:	Northeast Thailand
Area (sq. km):	Block E5 (Phu Horm): 39; Block EU1: 193
Status:	Production
Type of Contract:	Concession
Expiry:	2034
Participating Interest:	9.5% interest (held through Ophir's shareholding in APICO LLC)
Operator:	PTT Exploration and Production Public Company Ltd
Reserves and Resources:	Net proved and probable reserves of 5.7 MMBOE and net 2C contingent resources of 3.4 MMBOE as of December 31, 2018.

Background. Production from the Sinphuhorm field commenced in November 2006, and 1,300 BOE/d was produced in 2018 with an average of 79 MMSCF/d (gross). The gas supplies a 710 MW power plant located approximately 3.5 kilometers from the Nam Phong field.

Processing. The gas and liquids are transported through a 62 km pipeline to a gas processing plant located alongside the Nam Phong power station. At the gas processing plant, the liquids (including water) are removed.

Sales. The dry gas is sold to PTT under a gas sales agreement and the condensate is sold to PTT under a separate sales agreement. The daily contracted quantity is 108 MMscfd and the gas sales agreement runs until 2021 with the potential to be extended by 10 years.

Bualuang (Block B8/38), Thailand

Location:	Gulf of Thailand
Area (sq. km):	377
Status:	Production
Type of Contract:	Concession
Expiry:	2025
Participating Interest:	100%
Operator:	Ophir Group
Reserves and Resources:	Net proved and probable reserves of 26.8 Mmbo and net 2C contingent resources of 10.3 Mmbo as of December 31, 2018.

Background. Bualuang field has been on-stream since 2008, and produced over 8,100 bopd in 2018. Ophir acquired a 100% operating interest in the field in 2015 as part of its acquisition of Salamander Energy plc.

Development Strategy. In the summer of 2018, the next phase of development known as Phase 4, which is split into two parts, began. The objective of Phase 4A was to boost the production from the existing facilities, and it was successfully completed, adding three new wells and four workovers. During Phase 4B in 2019, Ophir is expected to see installation of a 12 slot conductor-supported platform, called the Charlie platform, at the Bualuang field. The first oil from the Charlie platform is expected in the fourth quarter of 2019.

Ophir drilled a step out exploration well, B8/38-11, to test a small target to the north of the Bualuang field during Phase 4A, but the well was abandoned as a dry hole.

Block 12W PSC, Vietnam

Location:	Nam Con Son basin, offshore
Area (sq. km):	150
Status:	Production
Type of Contract:	PSC
Expiry:	2030
Participating Interest:	31.9%
Operator:	Premier Oil
Reserves:	Net proved and probable reserves of 10.5 MMBOE as of December 31, 2018.

Background. The working interest in the Block 12W PSC was acquired by Ophir from Santos Limited in 2018. Chim Sao and Dua oil fields (with some associated gas) are located in the Nam Con Son basin offshore in Vietnamese waters in water depths of approximately 95 meters and contains the Chim Sáo and Dua producing fields. Ophir has a 31.875% non-operated interest in the license. The remaining interests are held by operator Premier Oil (53.125% aggregate interest) and PetroVietnam (15% non-operating interest). As of January 1, 2018, the license contained proved and probable reserves (on a working interest basis) of 10.5 MMBOE. In 2018, its net production was 8,700 BOE/d.

Development Strategy. The fields are currently expected to produce until 2030. Premier has begun a field-life extension assessment of all the facilities, most critically the well head platform and main field flow lines which had 10-year design lives (in line with the original development plan). The necessary modifications are expected to be completed by 2020.

The operator plans to conduct a series of well interventions that will help offset the natural reservoir decline rates in 2019. Ophir is also in the process of building its own field reservoir model and plans to cooperate with the operator to determine the optimum way to create value.

Kerendan field, Bangkanai PSC, Indonesia

Location:	Central Kalimantan, Indonesia
Area (sq. km):	1,385
Status:	Production
Type of Contract:	PSC
Expiry:	2033
Participating Interest:	70%
Operator:	Ophir
Reserves and Resources:	Net proved and probable reserves of 14.3 MMBOE and net 2C contingent resources of 80.6 MMBOE as of December 31, 2018.

Background. Production from Kerendan gas field commenced in 2016 and ramped up to the full daily contract quantity in 2017. It produced 2,300 BOE/d in 2018 with an average daily rate of 16.8 MMscf/d (gross). Ophir acquired a 70% operating interest in the field in 2015 as part of its acquisition of Salamander Energy plc. Proved and probable and possible reserves could be as much as 1.9 Tcf in the whole structure.

Development Strategy. The natural reservoir is in decline, with the majority of the production coming from two of the four wells. Ophir is planning stimulation through acid fracture work in June 2019, which aims to restore the productivity of the existing wells. Interpretation is underway on the 3D seismic that was completed at the end of 2017. This has helped to better define the reservoir distribution and together with the latest audit by ERCE indicates that the contingent resources in the field have increased from 457 Bcf (gross) to 583 Bcf. Furthermore, to sell any more gas, the reserves must be certified by LAPI ITB, an approved Indonesian government body.

Madura Offshore PSC, Indonesia

Location:	East Java Basin, Indonesia
Area (sq. km):	794
Status:	Production and Development
Type of Contract:	PSC
Expiry:	2027
Participating Interest:	67.5%
Operator:	Ophir
Reserves:	Together with the Sampang PSC, net proved and probable reserves of 12.9 MMBOE as of December 31, 2018.

Background. The 67.5% working interest in the Madura PSC was acquired by Ophir from Santos Limited in 2018. The Madura PSC, which includes the producing Peluang and Maleo gas fields and the undeveloped Meliwis gas field, is located in the East Java Basin in water depths of 48 meters to 65 meters and covers an area of 849 km.

The Maleo field has been producing since 2006 and is past the plateau, in the decline phase. Its output is sold to PGN and PLN through the East Java pipeline. Production was 57% above budget in 2018, partly due to higher gas demand but also due to better reservoir performance. The Peluang field started producing in 2014 and is on plateau production at the moment. It has also over-produced above its budget mainly due to higher gas demand.

Development Strategy. Ophir has also invested in the Meliwis field, discovered in 2016, 11 kilometers south of the Maleo field. The Meliwis development is planned as a single well well-head platform tie-back to Maleo, and would extend the economic field life of the Maleo and Peluang fields. Final investment sign-off by the joint venture was achieved in February with the signing of a gas sales agreement. The Meliwis development is planned as a single-well wellhead platform tie-back to the Maleo field. The development plan for the field received regulatory approval in January 2018. A final investment decision was taken for the Meliwis development in February 2019 with the signing of a gas sales agreement. Ophir has a 77% interest in this field. It is expected to add new production and extend the economic life of Peluang and Maleo fields, enabling a further 8 Bcf to be produced from these fields.

Sampang PSC, Indonesia

Location:	East Java Basin, Indonesia
Area (sq. km):	535
Status:	Production
Type of Contract:	PSC
Expiry:	2027
Participating Interest:	45%
Operator:	Ophir
Reserves:	Together with the Madura Offshore PSC, net proved and probable reserves of 12.9 MMBOE as of December 31, 2018.

Background. The working interest in the Sampang PSC was acquired by Ophir from Santos Limited in 2018. The Sampang PSC, which includes the producing Wortel and Oyong gas fields, is located offshore in the East Java Basin in water depths of 48 meters to 65 meters and covers an area of 547.05 sq. km. Ophir has a 45% operated interest in the license. It had a net production of 3,100 BOE/d in 2018 and has net proved and probable reserves of 2.4 MMBOE. The PSC was awarded in 1997 and is currently set to expire in 2027.

In Sampang, the Oyong field was discovered in 2001 and Wortel was discovered five years later. They were put in initial production in 2007 and 2012, respectively. Oyong is producing gas, and Wortel is producing gas and condensate.

Development Strategy. Ophir drilled a successful gas exploration well at Paus Biru-1, 27 km east of Oyong, and Paus Biru is expected to add new production and extend the economic life of the Oyong and Wortel fields. Ophir is currently preparing to achieve reserves certification in 2019 as a step towards FID.

Other Oil and Gas Properties

Greater Bangkanai PSCs, Indonesia

Ophir has three PSCs in Central Kalimantan, collectively known as Greater Bangkanai. These include the Kerendan gas field development within the Bangkanai PSC and two adjacent exploration licenses, North East Bangkanai and West Bangkanai. The Kerendan gas processing facilities' construction and commissioning have been completed, and production commenced in 2016 with 122 BCF of gas having been commercialized. The first phase of the project commercialized 122 BCF through a 20-year gas sales agreement with PLN that is expected to provide for a daily contracted amount of approximately 20 MMSCFD at peak production. In 2015, the GSA was amended to include a 80% take-or-pay and to apply an annual 3% price escalator. This project provides 20 MMscfd of gas to a 155 MW power plant located three kilometers from the field. A 3D seismic program in Bangkanai and West Bangkanai PSC was completed in December 2017 confirming the potential further development of 457 BCF of gas.

Myanmar

Ophir had a 95% participating interest in the deep-water exploration Block AD-03 which is located offshore from Myanmar, and covers approximately 10,000 sq. km in water depths up to 2,500 meters. The Block AD-03 PSC was signed in December 2014, and this non-operating asset is located in the Rakhine Basin.

However, in the second half of 2018, Ophir finalized a trade with Chevron in Myanmar, exchanging equity in Block AD-03 for equity in their adjacent, shallower water Block A5. Following a thorough review of prospectivity across both PSC areas, no commercially viable opportunities were identified, and a decision was taken to withdraw from both PSCs.

Mexico

Ophir has a 23.3% non-operating interest in Block 5 located in the Sureste Basin in the Gulf of Mexico. The Block 5 PSC was signed in March 2017, and it is situated offshore in moderate water depths in the Sureste Basin, Gulf of Mexico. Ophir is part of a Murphy-operated consortium which also includes PC Carigali (part of Petronas) and Sierra Oil & Gas. The main activity has been seismic interpretation and identification of drilling prospects. The Cholula-1 exploration well was drilled in February and March 2019. The well encountered hydrocarbons and further drilling is likely to be required to confirm the commerciality of the block. Ophir is also in advanced discussions with interested counterparties for the sale of its interest in Block 5, although any such deal remains subject to execution of definitive documents, board approvals and customary governmental consents.

Ophir was further awarded Blocks 10 and 12 in the Mexico 2.4 deep water license round at the end of January 2018. For these Blocks 10 and 12, Ophir signed the production-sharing contracts in March 2018. Ophir has a 20% non-operating interest in Blocks 10 and 12.

Malaysia

Ophir currently has one license in Malaysia, an 85% operated interest in Block PM-322. Block PM-322 is located in the Melaka Straits on the Malay side of the Central Sumatra Basin, offshore West Coast Peninsular Malaysia.

Block 1, 2, 3 & 4 (Mafia Deep Basin, Tanzania)

Location:	Tanzania
Status:	Pre-development
Ownership:	JV Partnership with Shell and Pavilion Energy (Blocks 1 & 4) – 20% interest JV Partnership with Statoil and ExxonMobil (Block 2) 20% interest in Block 3
Resources:	Net 2C resources of 3 Tcf (500 MMBOE) (Blocks 1 &4)

Background. Ophir and its joint venture partners, BG Tanzania (Shell) and Pavilion Energy, concluded the drilling of two exploration wells offshore Tanzania in December 2016. Drilling began in 2010 and since then 16 wells have been drilled (including 11 successful exploration wells) on a mix of tertiary and cretaceous plays including the large Mzia and Jodari discoveries in Block 1. Production flow tests have been completed on Jodari, Mzia, Pweza and Taachui discoveries. Blocks 1 and 4 have a net contingent (2C) resources of 3 Tcf (501 MMBOE).

The assets have entered the pre-development phase for the Tanzania LNG project. In 2014 the JV partners in Blocks 1 and 4 (Shell and Pavilion Energy) and the partners in Block 2 (Statoil and ExxonMobil) signed an agreement to co-operate on a combined onshore LNG plant. The Block 1 and 4 partners, Block 2 partners and the relevant governmental authorities also signed a memorandum of understanding for the project regarding, among other matters, the site of the LNG plant and the process for acquiring the land and resettlement management. The project is currently in the pre-front end engineering design stage.

Development Strategy. Engagement with the government of Tanzania on the development of the natural gas discoveries in Blocks 1 and 4 offshore Tanzania continues to focus on establishing key commercial terms for a cost competitive development for the Tanzania Gas and LNG project. The project continues its focus on selecting the optimal integrated upstream and liquefied natural gas project. The Tanzania LNG project is at a stage where detailed planning and multiple agreements need to be agreed between the international gas companies and the government.

Competition

Ophir faces competition from other oil and gas companies in all areas of Ophir's oil and gas operations, including the acquisition of production sharing arrangements. Ophir's competitors in Southeast Asia include international oil and gas companies, many of which are large, well-established companies with substantially greater capital resources and larger operating staff than Ophir has and many of which have been engaged in the oil and gas business for a longer period than Ophir. Such companies may be able to offer more attractive terms when bidding for concessions for exploratory prospects and secondary operations, to pay more for productive natural gas and oil properties and exploratory prospects, and to define, evaluate, bid for and purchase a greater number of properties and prospects than Ophir's financial, technical or personnel resources permit. Ophir's ability to acquire production sharing arrangements and to discover, develop and produce reserves in the future will depend upon its ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment.

Employees

Ophir had 386 and 285 employees as of December 31, 2018 and 2017, respectively, which include apprentices, direct hires, executives, expatriates, fixed term and permanent employees.

In accordance with relevant law in Indonesia, Ophir's employees at Bangkanai PSC have a labor union and Ophir has signed a collective labor agreement with a term of two years with such union. Another union, at Sampang PSC, is newly established in the middle of 2018, and therefore currently operates in accordance with relevant law, pending entry into a collective labor agreement. As of December 31, 2018, these unions collectively had approximately 180 members, or 82% of Ophir's regular workforce in Indonesia. Other than the foregoing, Ophir's employees are not part of any relevant labor unions. Ophir's oil and gas business has not been subject to any material strikes or other labor disturbances that have interrupted Ophir's operations.

Intellectual Property

Ophir does not hold any intellectual property rights that are material to its business.

Legal Proceedings

From time to time, Ophir has been and may be a party to various legal proceedings.

An individual has commenced claims against the Ophir Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within its portfolio. The primary claim was dismissed in February 2018 and an appeal has been filed. Ophir believes the claims are without merit and therefore no provision has been made in Ophir's financial statements.

Other than the foregoing, the Ophir Group is not currently a party to any other pending legal proceedings that it believes may have a material adverse effect on its business, financial condition or results of operations.

REGULATORY OVERVIEW

Legal Framework for the Oil and Gas Industry

Executing Agency for Upstream Activities

Under the 1945 Indonesian Constitution, all oil and gas resources in Indonesia belong to the state and should be used for the greatest benefit and welfare of the people of Indonesia. The Indonesian oil and gas industry has been liberalized in recent years, although the Government ultimately retains control of the industry. In the 1970s, the management of Indonesia's oil and gas assets and PSCs was concentrated in the hands of Pertamina. Pertamina also acted as operator in some contract areas under various Production-Sharing Contracts. Pertamina was initially a state-owned enterprise and has since been converted into a state-owned limited liability company (*PT Pertamina (Persero)*) as regulated under Government Regulation No. 31 of 2003 on Change of Status of the State Oil and Gas Mining Company into a Limited Liability Company ("Persero"). Until 2001, Pertamina was responsible for all aspects of upstream and downstream oil and gas activities. Following the passage of the Oil and Gas Law, Pertamina's role was split up, such that it was effectively operated as an independent state-owned oil and gas company and its supervision and management of the Indonesian oil and gas industry was consequently exercised by BP MIGAS for upstream activities and BPH MIGAS (Oil and Gas Downstream Regulatory Body / *Badan Pengatur Hilir Minyak dan Gas Bumi,* "BPH MIGAS") for downstream activities. According to the Oil and Gas Law and Government Regulation No. 42 of 2002 on Executing Agency for Upstream Oil and Gas Business Activities, which took effect on July 16, 2002, BP MIGAS, as executing agency, became responsible for managing the PSC in Indonesia, and Pertamina was thereafter free to tender for a contract on an equal basis with other operators.

However, on November 13, 2012, the MK issued MK Decision 36/2012, which annulled articles of the Oil and Gas Law that relate to the authority, role and functions of BP MIGAS, and BP MIGAS therefore ceased to exist. MK considered that the meaning of Article 33 of the 1945 Indonesian Constitution is that the Government should directly manage oil and gas resources, as opposed to only performing supervisory duties through BP MIGAS. MK also found that state control over the country's oil and gas resources through BP MIGAS as the regulatory and monitoring body had degraded, and therefore it violated the Indonesian Constitution.

MK further ordered that all authority and responsibilities of BP MIGAS be transferred to the Government through the MEMR, until a new oil and gas law is adopted. MK Decision 36/2012 also stated that all PSCs signed by BP MIGAS would remain valid until their respective expiration dates or as agreed to by the parties. To execute the MK Decision 36/2012, Presidential Regulation No. 95 dated November 13, 2012 on the Transfer of Duties and Functions of Upstream Oil and Gas Activities ("PR 95/2012") was enacted to transfer BP MIGAS' roles and responsibilities to the MEMR. The MEMR then transferred the duties, functions, and organizations of BP MIGAS to the Interim Task Force for Upstream Oil and Gas Business Activities (*Satuan Kerja Sementara Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi*) as stated under MEMR Regulation No. 3135 K/08/MEM/2012 on Transfer of Duties, Functions and Organizations in execution of oil and gas business dated November 13, 2012 ("MEMR Regulation 3135/2012") as the implementation regulation of PR 95/2012. The Interim Task Force for Upstream Oil and Gas Business Activities is responsible to the MEMR.

Following the enactment of PR 95/2012 and MEMR Regulation 3135/2012, PR 9/2013 was enacted on January 10, 2013 to establish SKK MIGAS, which became effective on the enactment date, except for matters related to the operational expenses which took effect on November 13, 2012. Pursuant to PR 9/2013, SKK MIGAS is responsible for the management of upstream oil and gas business activities and has the authority to deal with all matters in relation to operational expenses of oil and gas business activities arising from and after November 13, 2012 until the issuance of new oil and gas law. In order for SKK MIGAS to control, supervise, and evaluate the management of the upstream oil and gas business activities, a Supervisory Commission was established under PR 9/2013. The Supervisory Commission consists of the MEMR as the Chairman, Vice Minister of Finance, which manages the state budget as the Vice Chairman, the Chairman of BKPM and the Vice Minister of the MEMR as the members. The Supervisory Commission will submit a report to the President at least once every six months.

Upstream Regulations

Upstream activities are conducted in working areas whose boundaries are determined by the MEMR. Each contractor may only be granted one working area and, accordingly, upstream oil and gas companies operating in Indonesia incorporate separate legal entities for each asset in which they have an interest. Upstream activities are performed through petroleum contracts between either SKK MIGAS or Pertamina and contractors. Unlike any other industry in Indonesia, upstream oil and gas activities are open to participation by foreign business entities that are established and incorporated outside Indonesia.

The director general of Directorate General of Oil and Gas ("DGOG") may put a working area out to tender and invite bids for an interest in the area with regard to the opinion of SKK MIGAS. The negotiation of production-sharing arrangement terms with potential contractors is handled primarily by the MEMR. Awards of work areas are granted based on either a competitive tender process or a direct offer, as regulated under MEMR Regulation No. 35 of 2008 on Procedures of Determining and Bidding Oil and Gas Working Areas ("MEMR Regulation 35/2008"). Direct offers shall be performed based on a contractor's written proposal for a working area that has not been reserved for the bidding process. If the director general of DGOG approves such proposal, the contractor must conduct a joint study (*i*.e., a survey activity conducted by the interested business entity together with DGOG to locate potential oil and gas fields, "Joint Study").

All production-sharing arrangements between the Government and private contractors are based on six main principles, which are applicable to PSCs, Technical Assistance Contracts ("TACs") and Operation Cooperation Agreements ("KSOs") (see below):

- the contractors are responsible for all investments and production costs (exploration, development and production), including provision of capital to implement the agreed work program;
- the operational risk in performing upstream activities under the contracts is borne by contractors;
- the contractors' investment and production costs may be recovered against production;
- the profits are split between the Government and contractors based on production after the cost recovery portion;
- the ownership of all tangible and intangible assets remains with the Government; and
- the overall management and control remains with BP MIGAS (now SKK MIGAS) on behalf of the Government.

The most common type of production-sharing arrangement is the PSC. These PSCs, both historically and currently, have been granted in respect of exploration properties and are awarded for the exploration for oil and gas reserves and the establishment of commercial production of those resources.

PSC

A PSC is granted by the Government, through SKK MIGAS, to one or more contractors to allow the contractors to explore, develop and produce oil and gas reserves and resources in a designated working area. Accordingly, PSCs are entered into with SKK MIGAS and approved by the co-signature of MEMR on behalf of the Government. The Indonesian Parliament must be notified in writing of any signed PSC. A contractor of a PSC may be an Indonesian legal entity or a foreign business entity. Only one working area can be given to any one legal entity (also known as ring-fencing). PSCs are granted for an initial 30 year period, which may be extended for a 20 year renewal period. The initial period is divided into exploration and exploitation periods. The exploration period may last up to six years, after which it may be extended once for a further four years. The exploitation period runs from the end of the exploration period until the expiry of the PSC. Each PSC is based on a standard form contract and typically contains provisions such as:

- the requirement for the contractor to pay to the Government (through SKK MIGAS) certain signature bonuses, yearly administrative fees, royalty payments, production-level payments and the payment of certain bonuses upon the achievement of certain production milestones for the working area;

- the term of the initial exploration and development period, with an option for the parties to agree to extend this period;
- the obligations of the contractor (and any other operators of the working area) to bear the risk and costs of exploration and development activities and/or production operations;
- the scope and schedule for the contractor (and any other operators of the working area) to undertake exploration and production activities;
- the ability of the contractor (and any other operators of the working area), if commercial production is successful, to recover its exploration, development and production costs out of the oil and gas produced after deduction of FTP;
- the percentage allocation of total oil and gas production between BP MIGAS (now SKK MIGAS) and the contractor out of FTP and the following recovery by the contractor of their costs;
- the requirement for the contractor to supply the Indonesian domestic market at a discounted price with a certain percentage, usually 25%, of the contractor's share of total oil and gas produced;
- the requirement that the title to petroleum at all times lies with the Government, except where the title to crude oil or gas has passed in accordance with the provisions of the PSC;
- the obligation of the contractor to pay the Indonesian corporate taxes on its share of profits, including FTP;
- the requirements for the contractor to provide financial and performance guarantees to BP MIGAS (now SKK MIGAS) to secure the contractor's exploration and production work commitments;
- the requirements for the contractor to market the oil and gas produced; and
- the requirements for the contractor to relinquish specified percentages of the working area, which are not required for production and/or in which hydrocarbons have not been discovered by specified times.

Pursuant to Government Regulation No. 35 of 2004 on Upstream Oil and Gas Business as amended from time to time lastly by Government Regulation No. 55 of 2009 on Second Amendment to the Upstream Oil and Gas Business ("GR 35/2004"), once the approval of the field development plan for first production from a working area has been received, contractors are required to offer up to a 10.0% participating interest to a regional government-owned enterprise (*Badan Usaha Milik Daerah*) upon the approval of the first field to be developed in a working area. In the event that the regional government-owned enterprise does not accept such offer within 60 days after the offer, the contractor must offer such participating interest to a limited liability company established and existing in accordance with Indonesian law which is domiciled and operated in Indonesia and wholly owned by Indonesian citizens or other national companies, including, but not limited to, state-owned companies, cooperations, small enterprises and national private companies (each a "National Company"). If, within 60 days, no National Company accepts the offer, then the offering is closed.

MEMR has enacted a new regulation with regards to the bidding of participating interest 10.0% in the oil and gas working areas namely MEMR Regulation No. 37 of 2016 on Terms of Bidding Participating Interest 10.0% in Oil and Gas Working Areas ("MEMR Regulation 37/2016"). This regulation requires contractors to offer 10.0% of participating interest to a regional government-owned enterprise upon the approval of the first field to be developed in a working area. MEMR Regulation 37/2016 also restricts the scope of the regional government-owned enterprise which shall be in the form of (i) a regional company with the shares wholly owned by the regional government, or (ii) a limited liability company which at least 99% of its share are owned by regional government and the remaining shares are all affiliated with the regional government, (iii) the status of the regional government-owned enterprise was passed through local regulations, and (iv) only engage in participating interest management business. Each regional government-owned enterprise is only given 10% of participating interest management for one working area.

A PSC contractor is also subject to the DMO requirement set out under the PSC, GR 35/2004 and GR 79/2010. PSC contractors are required to supply 25% of their share of the oil and gas production (out of its equity share of production) to meet domestic needs. The Oil and Gas Law originally provided that a business entity or permanent establishment was obliged to provide a maximum of 25% of its production to fulfill domestic needs. The word "maximum" was then deleted in accordance with Indonesian Constitutional Court Judgment 002/PUU-I/2003, dated December 21, 2004 ("MK Decision 2/2004"), which also confirmed that a contractor (whether a business entity or permanent establishment) is obliged to provide 25% of its oil and gas production to fulfill domestic needs. The MK Decision 2/2004 was the basis for the new provision of a 25% fixed DMO, as stipulated under GR 35/2004 and GR 79/2010. The DMO for gas only applies to PSCs signed after the enactment of the Oil and Gas Law.

If there is more than one contractor in a PSC, the contractors may enter into an operating agreement with the other owners of participating interest under the PSC. Pursuant to this operating agreement, each participant agrees to participate in proportion to its respective equity interest in all costs, expenses and liabilities incurred in conjunction with petroleum operations in the working area and each participant will own, in the same proportion, the contractual and operating rights in the PSC. One participant is appointed operator and, subject to the supervision of the operating committee (consisting of one representative appointed by each party) and the terms of the operating agreement, the operator is vested with the management and discretion of all petroleum operations in the working area. The operator is obliged to use its best efforts to conduct the petroleum operations in accordance with generally accepted practices in the petroleum industry and receives an indemnity from the other contractors for acting in the capacity of operator. An operating agreement generally continues in effect for the term of the PSC.

Joint Study Agreement

Pursuant to MEMR Regulation 35/2008, where an area has not already been reserved for the bidding process, a contractor may bid for such working area directly by providing the director general of DGOG with a written proposal. If the director general of DGOG approves the proposal, the contractor must, at its own cost, conduct a Joint Study with DGOG (or any other party appointed by DGOG) of the proposed area. Joint Study shall be conducted over eight months, extendable once for the period up to four months. All costs and risks required in the implementation of the Joint Study are the burden and responsibility of business entities or Permanent Establishments of Joint Study Commitments and they are required to maintain the confidentiality of data used and produced in the Joint Study. The Joint Study only extends to minimum geological and geophysical work (for example, field surveys, magnetic surveys, reprocessing of existing seismic lines etc.). In general, each Joint Study work program will incur a cost of US$500,000 to US$700,000 borne by the contractors under the Joint Study. The contractor is obligated to deliver performance bond in the amount of US$1,000,000 from the well-known bank domiciled in Jakarta during the Joint Study and submitted in 14 days following the issuance of approval of the direct offer of the working area. Upon completion of the Joint Study, the director general of DGOG may choose to announce a bidding process for the working area. Contractors who conducted a Joint Study with DGOG (or any other party appointed by DGOG) will have the right to change their offer (right to match) in the bidding process, if the other bidders give higher offers, but otherwise they have no preferential treatment.

Extension of PSCs

Pursuant to the Oil and Gas Law and GR 35/2004, PSCs may be extended for a period of not more than 20 years for each extension. A contractor who intends to extend its PSC must submit a request to the MEMR through SKK MIGAS. Then, SKK MIGAS shall evaluate the request and submit it to the MEMR for consideration. A request for an extension of a PSC may be submitted no sooner than 10 years and no later than two years before the expiry date of the PSC. However, if the contractor has entered into a natural gas sales/purchase contract, such contractor may request an extension of the PSC earlier than 10 years prior to the expiry date of the PSC.

In granting approval, the MEMR shall consider, among others, potential reserves of oil and/or gas from the work area concerned, potential or certainty of market/needs, and technical/economic feasibility. Based on its consideration, the MEMR may reject or approve such request.

Fiscal Term of Cost Recovery PSC Regime

On June 15, 2017, the Government issued GR 27/2017 regarding to the amendment of Government Regulation No. 79 of 2010 about the Operating Costs that may be Recovered and Income Tax Treatment for Upstream Oil and Gas Activities and effectively applied on June 19, 2017. GR 27/2017 regulates the costs that cannot be recovered in the calculation of profit sharing and income tax which includes costs incurred for personal interests of the participating interest holders, penalties imposed due to violation of any laws by the contractor, depreciation costs, legal consultant and tax consultant fees, and bonuses payable to the Government.

GR 27/2017 also regulates income tax applicable to the transfer of Participating Interest and any other activities conducted by PSCs. It also requires that the contractor has its own tax identification number. Although provisions of GR 27/2017 apply only to contracts entered into and extensions of contracts after the issuance of the GR 27/2017, all contracts in existence up to the issuance of GR 79/2010 remain in force until the expiration date of the relevant contracts by continuing to fulfill its obligations for matters that have not been regulated or not sufficiently clearly regulated in the contract on: (a) government's share, (b) terms for operating cost which can be recovered and the standard norms for operating cost, (c) non-recoverable operating costs, (d) third-party appointment to conduct financial and technical verification, (e) issuance of income tax assessment, (f) import duty and import tax exemption on importation of goods for exploration and exploitation activities, (g) contractors' income tax in the form of oil and/or gas volume from contractor entitlement and (h) income from outside the contract in the form of uplift and/or Participating Interest transfer, must be adjusted to comply with GR 27/2017. Some implementing regulations have been put in place on matters provided for in GR 27/2017. The implementing regulations cover various subjects, from the method for determining the ICP issued by the MEMR, the terms and conditions for indirect head office cost recovery, procedures for withholding and remitting income tax arising from other income in the form of uplift or other similar compensation and contractor's income from Participating Interest transfer, to subjects such as the maximum remuneration that can be cost recovered by the contractor issued by the Minister of Finance.

GR 79/2010, the provisions of which are maintained in GR 27/2017 also stipulates that income arising from transfer of Participating Interest in a cost recovery PSC is subject to final income tax at 5.0% or 7.0% of the gross proceeds for exploration stage or exploitation stage respectively. Subject to satisfying certain requirements, a risk sharing Participating Interest transfer during exploration stage is not included as a taxable Participating Interest transfer. Participating Interest is defined as rights and obligations of PSC contractors either directly and indirectly in a working area.

Minister of Finance Regulation No. 257/PMK.011/2011 dated December 28, 2011 ("MoF 257/2011") further stipulates that taxable income, after deduction of final income tax on uplift and/or Participating Interest transfer, is subject to branch profit tax in accordance with the income tax law. GR 27/2017 has introduced tax facilities that such taxable income, after deduction of final income tax on uplift and/or Participating Interest transfer, are exempted from branch profit tax. However, it is not yet clear whether these tax facilities can be applied to Participating Interest transfer of PSC entered into or extended prior to enactment of GR 27/2017. In addition, although technically GR 27/2017 should override the contents of MoF 257/2011, it is uncertain whether or not another implementing regulation is needed to revoke MoF 257/2011.

The statements herein regarding the GR 27/2017 are general in nature and in force as of the date of this document. The provisions of GR 27/2017 are subject to various interpretations and applications by the relevant authorities.

With regards to the land and building tax, under the Regulation of Director General of Tax No. PER-45/PJ/2013, effective as of January 1, 2014 ("DGT Regulation 45/2013"), the land and/or buildings located within and

outside (which shall be the supporting area for the oil and gas mining activity that physically forms an inseparable part of the onshore and offshore area) the working area utilized for oil and gas mining activities and geothermal is subject to land and building tax. The term "land" in this regulation is defined as onshore and offshore, and includes depth measurements. The onshore area which is subject to land and building tax includes productive area, not yet productive area, not productive area and emplacement area. Whilst the offshore area, which is subject to land and building tax, is defined as offshore waters within and outside (which shall be the supporting area for the oil and gas mining activity that physically forms an inseparable part of the onshore and offshore area) the working area utilized for upstream oil and gas business activities, whereby the tax payer has rights and/or received benefits over such area. Not all onshore and offshore areas are subject to land and building tax as the regulation exempts land, inland waters and/or offshore waters within the working area which, among other things, do not create benefit for the taxpayer in respect of its oil and gas activities. The formula to calculate how much tax should be paid is regulated under DGT Regulation 45/2013, and it covers tax to be paid during the exploration period and the exploitation period.

On December 31, 2014, Minister of Finance issued Regulation Number 267/PMK.011/2014 on Land and Building Tax Reduction For Oil and Gas Mining At Exploration Stage. Pursuant this regulation, land and building tax incentive granted for sub-surface which is at the exploration stage, in which this tax incentive has become applicable from 2015 onward. The tax reduction incentive can be granted on a yearly basis for a maximum of 6 years of the PSC signing and can be extended by up to 4 years.

In order to obtain this tax incentive, the oil and gas contractor shall be required to comply with requirements that (i) the PSC with the Government is signed after the enactment of GR 79/2010 (after December 20, 2010); (ii) the Tax Object Notification Form / *Surat Pemberitahuan Objek Pajak* ("SPOP") has been submitted to the relevant tax office; and (iii) the recommendation letter from the MEMR stating that the land and building tax object is still at exploration stage is attached to the SPOP.

With regards to the land and building tax, under GR 27/2017, land and building tax during the exploitation and exploration period can be reduced to nil. Exemptions for the land and building tax during exploitation period for the sub-surface part can be granted by Ministry of Finance upon consideration of economics of the project. The provisions of GR 27/2017 on tax facilities related to land and building tax are subject to further regulation by the Ministry of Finance.

PSCs signed or extended prior to the application of GR 27/2017 may opt to fully comply with GR 27/2017 by adjusting the existing contract within six months after the effective date of GR 27/2017, i.e., by December 19, 2017 in order to get the benefit of any facilities offered by GR 27/2017. It is not yet clear who will make such determinations or how they will be made.

Fiscal Term of Gross Split PSC Regime

On December 28, 2017, the Government issued GR-53/2017, which provides for the following, among others:

a. under the gross split PSC tax regime, the taxable value of oil lifting is referenced to the gross split of oil calculated based on ICP, as opposed to the actual sales price, while the taxable value of gas lifting is referenced to the gross split of gas calculated based on the actual sales price;

b. gross income of a gross split contractor consists of: (i) revenue from gross split of oil and gas; less (ii) DMO; plus (iii) DMO fee; plus/minus lifting price variance; and plus (iv) other income (sale of by-products from upstream business activities);

c. with respect to the tax treatment of expenditures:

   (i) any expenditures (whether intangible and tangible) incurred before the commercial production stage are required to be capitalized and treated as an expense starting from the month when commercial production commences, applying the double unit production method;

(ii) any expenditures incurred during the commercial production stage that relate to capital assets or intangible assets with useful life that exceeds one year are required to be capitalized and depreciated or amortized starting from the month of incurrence or when the capital assets are placed into service, applying the double declining method or double unit production method; and

(iii) any expenses incurred during the commercial production stage that relate to assets with a useful life of less than one year are required to be expensed directly during the period of incurrence.

d. certain operating expenses that relate to the operation of gross split PSCs are not deductible, including interest cost, signing bonuses, and other expenses that are not directly connected to the operation of the gross split PSC or incurred before the signing of the gross split PSC;

e. losses in connection with the operation of Gross Split PSCs may be carried forward up to 10 years;

f. 25% of a gross split PSC operator's share of oil production is required to be sold domestically where the contractor will receive a DMO fee on the basis of Indonesian crude pricing;

g. the taxable income of a company or a Permanent Establishment derived from PSC activities is subject to corporate income tax at the rate of 25% under the prevailing ITL-36/2008.;

h. taxable income of a Permanent Establishment derived from PSC activities after the deduction of corporate income tax is subject to Branch Profit Tax at the rate of 20% pursuant to ITL-36/2008 or such reduced income tax rate as may apply under an applicable tax treaty;

i. income derived from the transfer of Participating Interest is subject to final income tax at the rate of (1) with respect to a PSC that is in the exploration stage, 5.0% of the gross proceeds of such transfer and (2) with respect to a PSC that is in the exploration stage, 7.0% of the gross proceeds of such transfer; provided that subject to the satisfaction of certain requirements, the transfer of a risk sharing Participating Interest during the exploration stage is not a taxable Participating Interest transfer; and

j. income derived from the transfer of a participating interest with respect to which final income tax has been deducted is not subject to branch profit tax.

k. income arising from transfer of Participating Interest in Gross Split PSC is subject to final income tax (transfer tax) at 5.0% or 7.0% of the gross proceeds for PSC at the exploration stage or PSC at the exploitation stage respectively. Subject to satisfying certain requirements, a risk sharing Participating Interest transfer during exploration stage is not regarded as a taxable Participating Interest transfer; and

l. income from transfer of Participating Interest in Gross Split PSC after deduction of final income tax is not subject to Branch Profit Tax.

Under GR-53/2017, a gross split PSC is entitled to certain tax benefits, which include the following:

a. during the exploration and development prior to the commencement of production:

(i) goods used in relation to oil and gas operations are exempt from import duty;

(ii) VAT is not collected on the local procurement and import of goods (whether tangible or intangible) and services used in operations;

(iii) the import of goods that have the benefit of the import duty exemption described above is exempt from withholding tax; and

(iv) 100% of land and buildings tax may be deducted for income tax purposes.

b. facility cost sharing and parent company overhead charges are exempted from withholding tax and VAT; and

c. income from outside the PSC in the form of uplifts and/or the transfer of PSC interests after deduction of final income tax, is exempted from branch profit tax.

However, the procedures to be undertaken in order to obtain these tax benefits are to be governed by Ministry of Finance regulations, which, as of this Offering Circular, have not yet been issued.

Abandonment and Site Restoration

On February 21, 2018, the MEMR issued Regulation No. 15 of 2018 on Abandonment and Site Restoration as guidance for the implementation of abandonment and site restoration (the "ASR") for upstream oil and gas business activities which are further regulated by SKK Migas Decree No. PTK-040/SKKMA0000/2018/S0 Revision 01 ("Restoration Guidance"). Under the Restoration Guidance, prior to conduct the drilling, production facilities and supporting facilities construction activity, the PSC's contractor shall submit the ASR activity report and ASR work plan and budget to the SKK MIGAS to obtain the approval. The ASR activity report must at least cover (i) the identification of equipment, installation, and/or facilities which will be disassembled, including the permanent closure (caping) of wells and (ii) the calculation of ASR work plan and budget. The estimated cost of the ASR is required to be set aside and transferred to a joint bank account under the name of the relevant work area. The bank shall be a reputable Indonesian bank, as agreed upon by the PSC's contractor and SKK MIGAS. Within 30 days upon the completion of the ASR, the PSC's contractor must report on the implementation of the ASR to the DGMCG.

Legal Framework for Downstream Activities

Downstream activities consist of the following activities:

- Processing, activity to purify, obtain parts of, increase quality of and increase the value added of the oil and gas, excluding field processing;
- Transportation, activity to relocate oil, gas and/or any of its processed products from the working area or storage and processing location, including carried out gas through transmission and distribution pipe;
- Storage, activity to receive, collect, store, and outlet the oil and/or gas; and
- Trading, activity to purchase, sale, export, import the oil and/or gas or any of its processed products, including gas sale and purchase through pipe.

Downstream activity may only be performed if the business entity has obtained business license issued by the MEMR. However, processing, transportation, storage and trading activities as a continuation of upstream activity shall not be required to obtain such business license.

Monitoring Body

Downstream activities are monitored by BPH MIGAS which has been established according to Government Regulation No. 67 of 2002 on the Controlling Board on the Supply and Distribution of Fuel Oil and Natural Gas Transportation Business Through Pipes, dated December 30, 2002, as amended by Government Regulation No. 49 of 2012 on amendment of Government Regulation No. 67 of 2002 dated April 12, 2012 ("GR 67/2002") *jo.* Presidential Decree No. 86 of 2002 on the Establishment of Controlling Board on the Supply and Distribution of Fuel Oil and Natural Gas Transportation Business through Pipes, dated December 30, 2002, as amended by Presidential Decree No. 45 of 2012 on amendment of Presidential Decree No. 86 of 2002, dated April 16, 2012.

Pursuant to GR 67/2002, the function of BPH MIGAS is supervising the implementation of the supply and distribution of fuel and natural gas transportation through pipelines. The supervision is conducted to secure the availability and distribution of fuel throughout the territory of the Republic of Indonesia and increase the utilization of natural gas.

BPH MIGAS is responsible to the President of the Republic of Indonesia, and the Head of BPH MIGAS shall deliver a periodic report to the President of the Republic of Indonesia on a semi-annual basis and/or as necessary through MEMR.

The Head of BPH MIGAS acts as a committee chairman and member of the committee together with 8 members of committee. The chairman and members of the committee are appointed by the President of the Republic of Indonesia by obtaining prior approval from the House of Representatives (*Dewan Perwakilan Rakyat*, the "DPR") as recommended by the MEMR. To assure the implementation of role and function of BPH MIGAS, Secretarial of BPH MIGAS is established with BPH MIGAS' Secretary as its chairman. Secretarial of BPH MIGAS may have a maximum of 3 Divisions led by the Head of the Division, and a maximum of 2 Sub-Divisions may be formed underneath each of the Divisions.

Domestic Supply Priority

MEMR recently issued Regulation No. 42 of 2018 regarding the Crude Oil Utilization Priority to Fulfil Domestic Necessity ("MEMR Regulation 42/2018") which requires Pertamina and any crude oil processing business license holders ("Crude Oil Refining Business Entities") to prioritize the supply of crude oil including condensate from domestic PSC contractors before planning for imports. In addition, MEMR Regulation No. 42/2018 also regulates a requirement in prioritizing the PSC's contractors (or its affiliates) to offer its crude oil portion to Pertamina and Crude Oil Refining Business Entities by no later than three months prior to the export recommendation period for the entire volume of the PSC's contractors' crude oil portion. The offer to Pertamina and/or Crude Oil Refining Business Entities must be negotiated by the relevant PSC contractors (or its affiliates) on reasonable business terms, with the results of such negotiations then to be reported to the Indonesian Directorate General of Oil and Gas by Pertamina and/or Crude Oil Refining Business Entities. Pertamina may also directly purchase crude oil from PSC contractors based on a 12-month long term contract. This regulation came into effect on September 6, 2018. No implementing regulation has been issued as of the date of this Offering Circular.

Business License for Downstream Activities

Pursuant to Oil and Gas Law, licenses for downstream activities consist of the (i) Surveying License (*Izin Survei*); (ii) Processing License (*Izin Usaha Pengolahan*); (iii) Transportation License *(Izin Usaha Pengangkutan*); (vi) storage license (*Izin Usaha Penyimpanan*); and (v) Trading Business License (*Izin Usaha Niaga*), this license is divided into 2 categories, i.e., a Wholesale License and a Trading License. The wholesaler may market the oil and/or gas to customer on a large scale. However, the wholesaler shall own and/or control its owned storage facility and assure the availability of oil and gas for domestic market. The business entity with the Trading License may provide services to the owner of receiving terminal. Therefore, there is no requirement for the holder of the Trading License to own a storage facility.

Each business entity may obtain more than one business license; provided that if:

- the business entity conducts storage, transportation and trading business activities as the continuation of processing activities, it shall only hold a Processing License. However, if such business entity intends to market the oil and/or gas or derivative products of oil and/or gas, it shall obtain a Wholesale License; provided that it has a storage facility;
- the business entity provides storage services and transportation of the oil and/or gas to support the storage services, it shall only hold a storage License; or
- the business entity conducts storage and/or transportation activities to support its trading activities, it shall only hold a Wholesale License.

As an effort to advance the spirit of government in implementing One-Door Integrated Service (*Pelayanan Terpadu Satu Pintu*) in Indonesia, MEMR have issued the MEMR Regulation No. 40 of 2017, which delegated the above business licenses of licensing authority in the energy and mineral resources sectors to Coordinating Investment Board (*Badan Koordinasi Penanaman Modal*, "BKPM"). Further, on June 21, 2018, the Government issued Government Regulation No. 24 of 2018 on Online Single Submission ("OSS") ("GR 24/2018"). Under

GR 24/2018, prior to commencing its business, every company must obtain a Business Identification Number (*Nomor Induk Berusaha,* "NIB") and business licenses. The NIB is used by the company to obtain business licenses or commercial/operational licenses. The NIB also functions as a Company Registration Certificate (*Tanda Daftar Perusahaan* or "TDP") and Importer Identification Number (*Angka Pengenal Importir*), and provides customs access rights. Business entities with an NIB are automatically registered with the national healthcare and employment social security schemes ("BPJS"). However, pursuant to GR 24/2018, a company that already holds a business license and/or commercial/operational licenses which are still valid is deemed registered in the OSS system. In order to further implement the GR 24/2018, BKPM issued BKPM Regulation on Guidelines and Procedure of License and Investment Facilities No. 6 of 2018, BKPM Regulation 6/2018, which covers licensing and investment facility services as well as supervision on the fulfillment of business license commitments. Under BKPM Regulation 6/2018, BKPM has specified which business licenses will continue to be issued by BKPM instead of by the OSS governing body. A company must obtain an NIB prior to being granted the business license in accordance with the nomenclature, format and provisions stipulated by the ministry/ non-ministerial government institution supervising the sector. In the case of a company that already has a valid license, investment permit, investment registration or business license, the application for new licenses must include the NIB.

Before issuing the business license, DGOG will issue an interim license (*Izin Usaha Sementara*). The interim business license and the business license may be granted upon fulfillment of the administrative and technical requirement as stated in the MEMR Regulation No. 29 of 2017 on Licensing in Oil and Gas Activities, dated April 12, 2017 as amended by MEMR Regulation No. 52 of 2018 on The Amendment of MEMR Regulation No. 29 of 2017 on Licensing in Oil and Gas Activities, dated December 21, 2018 ("MEMR Regulation 29/2017"). Each of the business license for surveying activity, the business license for processing activity, the business license for storage activity, the business license for transportation activity and the business license for trading activity has its own administrative and technical requirements. The interim license will be valid for a maximum period of three years and may be extended only for one time with a maximum period of two years. Business entities may apply for a relevant business license (i.e., surveying activity, processing activity, storage activity, transportation activity and trading activity) if they have fulfilled the requirements as stated in MEMR Regulation 29/2017.

A business license for processing activity is granted for a maximum period of 30 years and may be renewed for a maximum period of 20 years. A business license for storage activity is granted for a maximum period of 20 years and may be renewed for a maximum period of 10 years. A business license for transportation activity is granted for a maximum period of 20 years and may be renewed for a maximum period of 10 years. A business license for trading activity is granted for a maximum period of 20 years and may be renewed for a maximum period of 10 years.

Business license holders may be imposed with an administrative sanction if they constitute a breach of their obligation as stated in the MEMR Regulation 29/2017. The administrative sanction may be in the form of a warning letter, injunction of activity, or license revocation. The business license may be revoked by the MEMR if the business entity: (i) fails to fulfill conditions set forth in the respective license, including technical requirements set out by DGOG; (ii) repeats its failure in fulfilling such conditions; and (iii) fails to fulfill requirements set forth under the Oil and Gas Law, including to assure the availability of oil and gas for domestic market, particularly for the holder of processing, storage and Trading License.

The Government may issue a warning letter which may consequentially be followed by an administrative sanction, before revoking the license.

Liquefied Natural Gas ("LNG")

Gas processing into LNG may be classified as a downstream business activity as it is intended to be separately profitable and not a continuation of upstream business activity. Business entities that processes gas to

LNG, store LNG, distributes LNG and/or market LNG must fulfill the requirements set forth above in order to obtain a business license and commence business activities.

Legal Framework for Drilling Industry

Oil and gas contractors usually require other entities to provide services in order to explore or exploit the oil and gas. Drilling services companies are usually engaged by the oil and gas contractors whether in exploration or exploitation phase. On February 21, 2018, the MEMR issued Regulation No. 14 of 2018 on the Oil and Gas Supporting Services ("MEMR Regulation 14/2018"), which regulates licensing procedure for oil and gas services companies including drilling services companies.

Licenses

Pursuant to MEMR Regulation 14/2018, a drilling services company is required to obtain an Oil and Gas Supporting Business Competency Certificate (*Surat Kemampuan Usaha Penunjang Minyak dan Gas Bumi, "*SKUP*"*) which is issued by DGOG through an online registration system. The registration is carried out by uploading documents as set out under the MEMR Regulation 14/2018. Once the documents have been deemed complete and valid, the SKUP will be issued by DGOG within three business days after such determination. In addition, MEMR 14/2018 specifically stipulates that construction consulting service business activities shall be carried out only by engineering companies. The determining factors of whether a company is an engineering company include whether the company: (i) is a domestic or national company whose management and control lies with an Indonesian citizen, (ii) possesses and implements a quality management system which has been certified by an accredited certification agency, (iii) possesses qualified and competent expert staffs, and (iv) possesses devices and/or facilities in the form of software for works relating to design, risk analysis, or service life extension assessment.

Cabotage Rule

Indonesia's Law No. 17 of 2008 on shipping includes a cabotage rule. The cabotage rule specifically reserves domestic sea transportation activities to domestic shipping companies using Indonesian-flagged vessels and Indonesian crews. The Government has interpreted the cabotage requirement broadly to apply not only to vessels engaged in the transportation of goods and passengers, but also to offshore platforms, construction and drilling vessels, Floating Production Storage and Offloading facility (FPSO) and other specialized equipment used in the offshore oil and gas industry, except for foreign vessels carrying out specific activities pursuant to the Ministry of Transportation Regulation No. PM 92 of 2018 on Procedures and Requirements for Granting Approval for the Use of Foreign Ships for Activities other than Domestic Transportation of Passengers and/or Goods by Sea. For the time being, the Indonesian Ministry of Transportation has exempted certain specialized oil and gas vessels, including vessels conducting oil and gas survey activities, drilling, offshore construction, offshore supporting activities, dredging and salvage and sub-sea work, from flying the Indonesian flag, as many vessels used for oil and gas activities are high-tech specialized vessels, expensive, and currently not available from Indonesian shipbuilders.

Regulation of the Indonesian Mining Industry

The constitution of Indonesia states that Indonesia's natural resources are to be controlled by the state and must be used for the maximum benefit of the Indonesian people. The old mining law, Law No. 11 of 1967 on Mining and its implementing regulations adopted this as a fundamental principle. 'Control' was interpreted as being equivalent to ownership and therefore no title to particular mineral deposits was granted by the state to private companies or individuals. The state, in general, only granted rights to exploit and sell the mineral deposits to encourage new investment in the Indonesian mining sector. On January 12, 2009, former President Yudhoyono enacted the Mining Law, which revoked the old mining regime.

One of the objectives of the Mining Law is to provide equal treatment to foreign and domestic investors introduced under the Investment Law of 2007 (as defined below), and includes, among other things, (i) the abolishment of the contracts of work system; (ii) the introduction of a license-based system equally applicable to both foreign and domestic investors; (iii) the allowance of foreign investment while also requiring divestment; (iv) the authorization of the Government to designate mining areas (*Wilayah Pertambangan*) within Indonesia; (v) the requirement of a tender process for the granting of new mining concessions; (vi) the regulation of larger mining areas and reduction terms for production; (vii) the requirement to comply with onshore processing obligations; and (viii) the regulation of mining services contractors.

Under the Mining Law, new licensing classifications are being introduced, abolishing the previous licensing system which provided for mining authorizations (*Kuasa Pertambangan*, "KP"), COW and the coal contract of work (*Perjanjian Karya Pengusahaan Pertambangan Batubara*). The new licenses are classified as follows:

- a Mining Business License (*Ijin Usaha Pertambangan*, an "IUP"): valid for mining operations of coal, rock, metal minerals or non-metal minerals, within an IUP operational area (*Wilayah Izin Usaha Pertambangan*, a "WIUP"), an IUP may only be granted for the mining of one type of resource. Such WIUP shall be located within a mining operational area (*Wilayah Usaha Pertambangan* "WUP"). WUP is stipulated by the Government, upon being determined by the regional government and submission in writing to the DPR. An IUP will only be granted to a business entity, individual or cooperatives (*koperasi*). An IUP may be obtained by submitting an application to (i) the Regent or the Mayor (for local investment only), (ii) the Governor or (iii) the MEMR, respectively, based on their authority over the WUP or by attending an auction process of the WUP (except for rock mining). In the event that the WUP is found to contain more than one type of resource, the existing IUP holder's additional IUP application for the newly discovered resource is prioritized;
- IUPK: granted for coal and metal mineral mining, where the mining area (*Wilayah Izin Usaha Pertambangan Khusus*, the "WIUPK") is located within a special mining operation area (*Wilayah Usaha Pertambangan Khusus*), being a conversion from a state reserved area (*Wilayah Pencadangan Negara*) as approved by the DPR for mining operations. Similar to the IUP described above, an IUPK may only be granted for the mining operation of one type of resource. Further, an IUPK will only be granted to a legal entity established in one of the following forms: a state-owned enterprise (*Badan Usaha Milik Negara*, a "BUMN"), a regional government-owned enterprise (*Badan Usaha Milik Daerah*, a "BUMD") or a private entity. Although a BUMN and a BUMD have priority to obtain an IUPK, a private business entity may obtain an IUPK by participating in an auction or by submitting an application to MEMR specifically for COW holder which COW's tenure is expiring; and
- a People's Mining License (*Ijin Pertambangan Rakyat*, an "IPR"): granted either for individuals, community groups, or cooperatives within a people's mining area (*Wilayah Pertambangan Rakyat*, a "WPR"). A WPR is determined by the Regent or Mayor in consultation with the DPR. An IPR is available for the mining of coal, rock, and metal mineral and non-metal mineral within a limited mining operational area.

Existing COW will remain valid for the remainder of their respective terms of contract, but are subject to amendments of certain terms (not including taxes and levies) and may be converted to the appropriate licenses upon their expiration. In order to extend an expiring COW, Regulation No. 23 of 2010 (as amended) requires a COW to be converted to an IUPK within two years before the end of the COW period but that such conversion shall be no later than six months before the COW period has ended.

During 2010 and 2018, the Government issued several implementing regulations to implement the Mining Law through the enactment of Regulation No. 22 of 2010, Regulation No. 23 of 2010 as recently amended by Regulation No. 8 of 2018 ("Regulation No. 23 of 2010 (as amended)"), Regulation No. 55 of 2010, and the most recent implementing regulation of the Mining Law, Regulation No. 78 of 2010.

Regulation No. 22 of 2010 regulates the procedures to determine the WUPs, the WUPKs, and the WPRs. The determination of these mining areas lies on the sole discretion of the Government, and in respect of a WUPK, prior approval from the DPR is required.

Further, Regulation No. 23 of 2010 (as amended) sets out the minimum divestment requirement for foreign holders of IUP and/or IUPK such that the shareholding of the Indonesian participant must be at least 20% at the sixth year of production and at least 51% at the tenth year of production. Such divestment scheme is applied to all types of mining companies. If the capital of the foreign-owned companies is increased, then the aggregate amount of stakes ownership of such local party cannot be diluted and always subject to the aforementioned amount. The divestment requirements as set forth in Regulation No. 23 of 2010 (as amended) apply to IUP and/or IUPK granted both prior and subsequent to the issuance of such regulation.

The divestment to an Indonesian entity is to be made pursuant to the following procedure: the shares must be offered to the central government; if they are not willing to buy, they are to be offered to provincial or regent/municipal governments. If those parties are unwilling to purchase the shares, the shares are tendered to both state and regional-owned enterprises. In each case, parties are given 30 days from the date of offering to declare their interest. If no state- or regional-owned enterprise is willing to purchase the shares, they can be tendered to private, local companies which are given 30 days to declare their interest after the initial offering date. If a local company chooses not to purchase the divested shares, the shares shall be offered for an initial public offering.

In addition, Regulation No. 23 of 2010 (as amended) also provides that the holders of an IUP and IUPK must prioritize domestic needs for coal. The holders of an IUP and an IUPK may export their coal only after the Indonesian domestic market has been fulfilled, which is regulated by a Ministerial regulation. In 2018, the MEMR issued MEMR 25/2018, which requires producers of coal and minerals in Indonesia to allocate a portion of their annual production output to the Indonesian domestic market based on the amount determined by the Government. In relation to export activities, Pursuant to Minister of Trade Regulation No. 39/M-DAG/PER/7/2014 on Provision on Coal Export and Coal Products, as lastly amended by Minister of Trade Regulation No.52 of 2018 on The Second Amendment of Minister of Trade Regulation No. 39/M-DAG/PER/7/2014 on Provision on Coal Export and Coal Products ("MOTR 39/2014"), certain type of coal and coal products is subject to export limitation. The types of coal and coal product that are subject to MOTR 39/2014 are listed in its Appendix I and Appendix II, which among others include: creosote oil, anthracite, bituminous coal, lignite, peat, and briquette. Any IUP, IUPK, or COW holders who intend to export any product listed therein shall first be recognized by Minister of Trade as a Registered Coal Exporter (*Eksportir Terdaftar Batubara* "ET-Batubara"). Regulation No. 23 of 2010 (as amended) provides additional guidance on what constitutes a private enterprise that may be granted an IUP. A qualified private enterprise may be (i) an enterprise whose shares are owned by domestic investors; or (ii) an enterprise whose shares are owned by foreign investors (a foreign direct investment company or "FDI Company"). This regulation provides that where an applicant for an IUP is an FDI Company, the IUP will be issued by the MEMR (rather than a provincial governor or regent/mayor).

In addition, Regulation No. 23 of 2010 (as amended) introduces a provision that may conflict with the Mining Law. Article 93 (1) of the Mining Law clearly prohibits the transfer of a mining license (IUP or IUPK) to a third party, while the Article 7A of the Regulation No. 24 of 2012 provides that both an IUP and IUPK may be transferred; provided that the transferee is an affiliate of the transferor. For purposes of this provision, an "affiliate" must be at least 51.0% owned by the transferor.

Under Regulation No. 55 of 2010, the supervision of licensed mining activities is generally conducted by the MEMR, governors, regents or mayors. Those who fall under the scope of regulatory supervision are holders of an IUP, an IPR or an IUPK. Regulation No. 55 of 2010 also regulates the supervision of mining activities and the supervision of: finances, mineral and coal processing data, conservation of mineral and coal, operational safety, environmental impacts, land reclamation, post-mining management, technical training of laborers, as well as a host of production data of the types, quality, and total amount of extracted minerals. Supervision will be carried out by mining inspectors, with endorsement from the MEMR, although the MEMR, and the governors,

regents and mayors may also send authorized representatives into mining facilities. Nevertheless, only a mining inspector is equipped with the authority to recommend that the Chief Mining Inspector: (i) temporarily suspend mining activities in part or entirely or (ii) that certain mining activities permanently cease operations.

Under Regulation No. 78 of 2010, mining companies are obliged to carry out reclamation and post-mining-related activities. Reclamation is required in both the exploration and production operation stages. Prior to commencing each aforesaid stage, mining companies must prepare a reclamation plan which requires the approval of the relevant governmental institutions (the MEMR or the governor or regent/mayor as relevant). Specifically before the production operation stage, mining companies must also prepare a post-mining activities plan, in addition to the reclamation plan. Regulation No. 78 of 2010 also includes an obligation on the mining companies to place guarantee funds in a bank designated by the Government for the following matters: (i) reclamation in the exploration stage; (ii) reclamation in the production operation stage; and (iii) post-mining activities.

A holder of an IUP / IUPK will be required to pay production royalties to the Government as stipulated in the Government Regulation No. 9 of 2012 on the Types and Tariffs of Non-State Tax Revenue Applicable in the Ministry of Energy and Natural Resources. Currently, a range of royalties applies with respect to different types of coal and mineral mining. Under the Mining Law, the holders of IUPK for operation production are required to pay 10.0% of its net profit from the mine, comprising 4.0% to be paid to the Government, and 6.0% to be shared between/among the relevant provincial and regional governments in whose jurisdictions the mine is located.

Under the Mining Law, coal and other minerals mined within Indonesia will be required to be processed and refined domestically. However, to date, the implementing regulations of the Mining Law only set out the standard processing and refining of mineral products. The minimum standard of processing of coal products has not yet been set out in the implementing regulations of the Mining Law. As of the date of this Offering Circular, the Mining Law provides that "processing and refinery" shall mean a process which increases the quality of minerals and/or coal and the utilization of and the extraction of associated minerals.

The Mining Law states that all concessions for coal and other minerals and metals currently in existence and issued under the previous mining regulations will continue to be valid until their expiry. As for KPs, such licenses shall be adjusted in the form of IUPs. As for contracts of work and coal contracts of work, the terms of those contracts of work must be modified within one year following adoption of the Mining Law to bring them into conformity with the obligations of mining rights holders under the Mining Law. The Mining Law expressly states that the provisions of these existing contracts of work related to state revenue, including royalty and tax payments, will not be amended.

General Mining Services

General mining services are governed under the Mining Law and the MEMR Regulation No. 11 of 2018 on the Procedures for Granting for Areas, Licensing, and Reporting of Minerals and Coal Mining Business Activities as lastly amended by MEMR Regulation No. 51 of 2018 ("MEMR Regulation 11/2018") and MEMR Regulation No. 25 of 2018 on Business of Coal and Mineral Mining as amended by MEMR Regulation No. 50 of 2018 ("MEMR Regulation 25/2018"). A company which intends to provide mining services (a "mining services company") must first obtain a mining service business license (*Izin Usaha Jasa Pertambangan*) from the MEMR if the activity spans the whole of Indonesia and if the applicant is an FDI Company, or from the relevant Governor if the activity is limited to only one province. The mining service business licenses are granted for a period of five years and can be renewed for another five years on each extension.

Mining services companies may be engaged or appointed to perform mining business activities for concession holders (comprising holders who were granted concessions under previous mining regulations and IUP / IUPK holders under the Mining Law). The Mining Law provides that concession holders shall be responsible and held liable for all activities conducted by mining services companies engaged by them, and

imposes certain restrictions on concession holders and mining services companies. Mining service companies are required under the Mining Law to give preference to the usage of local content, local contractors and laborers.

The Mining Service Regulations requires, among other things, that mining concession-holders, rather than mining service contractors, conduct certain activities in the coal or mineral extraction process (namely, coal or mineral digging and coal or mineral loading). In relation to that, the Mining Service Regulations provides that mining service companies may conduct services on, among others, overburden with or without blasting activities, coal loading and transportation to the concession holders or IUPs holder.

Among other provisions, the three most important features set forth in the Mining Service Regulations are as follows:

- The scope of mining activities that may be contracted to mining services companies is limited to the stripping or removal of overburden materials, including excavation, loading and hauling of overburden materials (with or without blasting activities). All activities related to the mining of coal and mineral must be carried out by mining companies themselves. In cases of development and societal empowerment, utilization, optimization, and conservation of alluvial minerals, mining companies can assign the digging of alluvial minerals to mining services companies that hold a mining service business license issued by the governor through a partnership program after receiving the approval of the MEMR. Furthermore, mining companies that use an underground mining method may assign the creation of shaft/tunnel access that leads to the vein ore/seam coal and mineral, flow and ventilation to mining services companies under the fields of tunneling.
- To carry out mining services, mining companies must first prioritize the employment of domestic (local and national) Indonesian mining services companies over "other" mining services companies.
- The activities of a mining services company are to act as (a) (i) consultants, planners, executers and examiners of equipment participating in assessment, exploration, the preparation of feasibility studies, mining environmental control, mining construction, loading, post-mining operations, reclamation and work health and safety management; and (ii) consultants and planners for the fields of mining or processing or refining.

Coal and Metal Minerals Sales Price Controls

On January 11, 2017, the MEMR issued MEMR Regulation No. 7 of 2017 on Method of Determination of Minerals and Coal Benchmark Sale Price as lastly amended by MEMR Regulation No. 19 of 2018 ("MEMR Regulation No. 7 of 2017"). MEMR Regulation No. 7 of 2017 stipulates that the coal and/or mineral price arrangement between the IUP, IUPK, contracts of work or COW holders and coal and mineral purchaser (including their affiliated parties) should be no less than the Coal Benchmark Price or Mineral Benchmark Price (*Harga Patokan Batubara atau Harga Patokan Mineral Logam*) that is determined each month by the DGMCG ("Government Benchmark Price"). The Government Benchmark Price will be determined based on market mechanisms and/or in accordance with general pricing within the international market. Further, the pricing of Government Benchmark Price may be calculated in Rupiah or in USD. Should the price be calculated in USD, then the equalization of Rupiah and USD shall be made in accordance with the median currency exchange rate determined by Bank Indonesia on the date of or during the period agreed between seller and buyer of coal.

Forestry Regulation

Law No. 41 of 1999 on Forestry, as amended by Government Regulation as Substitute of Law No. 1 of 2004 ("Forestry Law"), provides that open-pit mining operations cannot be conducted within protected forests. Notwithstanding this general prohibition, a number of licenses and contracts for open-pit mining in protected forest areas that existed prior to the enactment of Forestry Law 1999 remain valid until their expiration. Significant areas of forestry in Indonesia have been classified as protected forests.

Based on Forestry Law, the use of forests for mining purposes must be conducted with a Borrow-Use Forestry Permit (*Izin Pinjam Pakai Kawasan Hutan*, "IPPKH") issued by the Minister of Environment and Forestry. Only underground mining activities can be conducted in protected forests (hutan lindung), while open-pit mining can be conducted in forest plantations (hutan produksi). Further, under Regulation of the Minister of Environment and Forestry No. P.27/Menlhk/Setjen/Kum.1/7/2018 regarding the Guidelines on Borrow and Use of Forest Area ("Regulation 27 of 2018"), mineral and coal underground mining activities carried out in protected forest areas are only permitted if such activities do not cause land subsidence, permanent changes in forest function, or damage to groundwater aquifer. Regulation 27 of 2018 also states that a company applying for a IPPKH may deliver non-forest land as compensation or pay compensation for the use of forest area in the form of a non-tax state income. IPPKH is valid for the same period as the applicable operational license for mining exploration and production activities in production stage in which the IPPKH will be valid for two years. Pursuant to the Forestry Law, in order to make any changes to the utilization of a forest, due to its strategic value, the Minister of Environment and Forestry must obtain the approval of the DPR.

Pursuant to Regulation of the Minister of Forestry (currently Ministry of Environment and Forestry) No. P.04/Menhut-II/2011 dated January 18, 2011 on the Guidelines for Forest Reclamation ("Regulation No. P.04 of 2011"), a mining company whose mining activities are conducted within a forest, based on a IPPKH from the Minister of Environment and Forestry, is required to include forest reclamation as a part of its mining activities. It further stipulates that the reclamation process is required to commence without waiting for the mining operations to be completed or within one year from the completion of the mining operations or the expiry of the IPPKH.

The reclamation process is required to be consolidated in a five-year plan with additional details contained in the annual plan. The reclamation plan will be assessed by the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, on behalf of the Minister. If found to be adequate, then a recommendation will be issued by the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, on behalf of the Minister of Environment and Forestry, and will be further approved by the MEMR, the head of the regional or the regency government. If the mining period is less than five years, the reclamation plan will be adjusted to the mining period, while the assessment and the approval by the related authorities will follow the "five-year plan" steps.

The IPPKH holder is required to establish a special body to execute the forest reclamation process, which must include experts in forestry, agriculture, mining, soil and other fields related to forest reclamation. A progress report concerning the reclamation process must be submitted periodically to the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, with a carbon copy to the Directorate General of Forestry Planology at the Ministry of Environment and Forestry, Directorate General of Minerals, Coal and Geothermal at the MEMR; Provincial Technical Agency that handles forestry matters; and the Regent Technical Agency that handles forestry matters, and such report must include quarterly and annual reports. Regulation 27 of 2018 requires that the holder of an IPPKH for mining purposes has to provide compensation in the form of land in exchange for the IPPKH according to the procedure stipulated under Regulation No. P.04 of 2011.

Legal Framework for Geothermal Industry

DPR passed the Law No. 21 of 2014 on the Geothermal Resources (the "Geothermal Law") on August 26, 2014 replacing the Law No. 27 of 2003 on the Geothermal Resources (the "Law 27/2003"). The Geothermal Law gives an important boost to the geothermal energy industry as it provides that pricing for direct or indirect use of geothermal (e.g. use of geothermal for power plant) will henceforth be based on economic cost, something that is of the utmost importance in an industry where upfront costs can be enormous. In addition, it significantly liberalizes the rules regulating the development of geothermal power projects, in particular by no longer classifying geothermal energy exploitation as a form of "mining," thus exempting it from the restrictive rules governing mining in designated forest areas. The Geothermal Law also places all authority in respect of the

licensing of geothermal resources for power generation purposes in the hands of the central government, whereas previously it was shared with local government.

Pricing

The Geothermal Law regulates that the price payable for the use of the state's geothermal energy resources shall be set by the government "having regard to economic cost." In relation to the pricing, the MEMR issued MEMR Regulation No. 17 of 2014 on the Purchase by PLN for Electricity Produced by Geothermal Power Plants and for Geothermal Steam That Is Used in Generating Electricity ("MEMR Regulation 17/2014") on June 3, 2014 that increases the purchase price payable by PLN for electricity produced by geothermal power plants and for geothermal steam that is used in generating electricity — See Regulations — Legal Framework for The Electricity Industry — Sales of Electricity to PLN.

According to the Geothermal Law, an IUP holder that signed a geothermal power purchase agreement prior to the legislation's coming into effect may renegotiate the price.

Centralized Licensing

The Geothermal Law distinguishes between geothermal energy that is "directly used" and that which is "indirectly used." The former includes the exploitation of geothermal for such things as tourism, agribusiness and industrial purposes, while the latter refers to the use of geothermal to generate electricity. This is a crucial distinction as Article 6(1) of the Geothermal Law places the licensing authority for all aspects of indirectly exploited geothermal energy (that is, electricity generation) in the hands of the central government, while licensing authority in respect of directly exploited geothermal energy is shared by central and local government.

Excluded from Mining Sector

Under the Geothermal Law, geothermal exploitation is no longer specifically classified as a form of "mining." The Geothermal Law vests sole authority to determine the boundaries and extent of geothermal concessions (*wilayah kerja*) for power generation in the central government. The geothermal concessions may be granted in respect of state land, registered land (that is, land for which a title certificate has been issued), tribal lands, water areas and, perhaps most importantly, forest conservation areas. Should the geothermal project be located in a designated forest area, the Geothermal License holder must obtain the following:

(a) A borrow-use permit for a production or protection forest area;

(b) a license for the use of a conservation forest area; or

(c) In the case of a forest conservation area, an Environmental Services Utilization License (*Izin Pemanfaatan Jasa Lingkungan*) will also be required.

The geothermal resources may be developed for electricity generation purposes in forest conservation areas. However, in order to give effect to this, it is expected that an ancillary/implementing regulation will be issued down the line either by the Ministry of Environment and Forestry, or jointly by the Ministry of Environment and Forestry and the MEMR.

Licenses

As regards to power generation, the Geothermal Law replaces the requirement to obtain IUP under the Law 27/2003 with the requirement to obtain Geothermal License (*Izin Panas Bumi* "IPB"), following an auction process, by the MEMR. The IPB may not be assigned to a third party. However, the IPB holder may sell its shares on the Indonesia Stock Exchange after the exploration phase has been completed, subject to the approval of the MEMR.

The maximum validity of an IPB is set for 37 years and may be extended for unlimited consecutive periods each for 20 years.

The Geothermal Law differentiates geothermal operations into (i) exploration, and (ii) exploitation and utilization phases. The duration of the exploration phase is set at five years from the issuance of the IPB, extendable for two periods of one year each, while the duration of the exploitation and utilization phases is capped at a total of 30 years from the date of approval of the feasibility study by the MEMR.

Under Article 31(3) of the Geothermal Law, before commencing the exploratory wells, the IPB holder must obtain an Environmental License from the Ministry of the Environment and Forestry, and then the IPB holder is required to obtain a further Environmental License before commencing the exploitation and utilization phases. The new Environmental License shall be obtained each time there is change in a company's operations.

Taxes and Other Levies

The Geothermal Law provides that an IPB holder must pay taxes and other levies to central and local government. In the case of the central government, besides the normal taxes that are payable to the central government by all commercial entities, an IPB holder must also pay a dead rent (*a fixed rent payable irrespective of whether the project is operational or profitable*) and production royalties, and, in a catch-all provision, "such other state levies as may be provided for by law" (the elucidation of the Geothermal Law explains that these include such things as education and training fees, and research and development fees).

At the local government level, the IPB holder is required to pay local government taxes, local government service charges (such as charges for the provision of public lighting, garbage disposal, etc.), and, once again in a catch-all provision, "such other levies as may be provided for by law."

In addition to central and local government taxes and levies, Article 53 of the Geothermal Law provides that an IPB holder is required to pay what is termed a "production bonus" to the local government within whose jurisdiction the geothermal project is located. The amount of the bonus is to be determined as a fixed percentage of the IPB holder's "gross earnings since first commencing operations." The bonus is payable in respect of all concessions, including those issued prior to the Geothermal Law. For concessions issued prior to the Geothermal Law that are currently in production / operation, the bonus is payable starting from January 2015.

Article 55 of the Geothermal Law allows the government to provide fiscal and other incentives, as authorized by law, to encourage the development and exploitation of geothermal resources.

Transitional Provisions

Article 78 of the Geothermal Law provides that all geothermal concessions granted prior to the legislation's enactment will remain valid for 30 years from the enactment date of the Geothermal Law; all geothermal operating contracts will remain in effect until their expiry and all Geothermal licenses granted prior to the enactment of the legislation will remain in effect until their expiry; provided that exploitation has commenced by no later than December 31, 2014. Upon the expiry of such geothermal concessions, operating contracts and licenses, they may be converted into IPBs.

In addition Article 79 of the Geothermal Law provides that all IUPs issued prior to the coming into effect of the Geothermal Law must be converted into IPBs by the MEMR.

Article 82 of the Geothermal Law provides that the holders of geothermal concessions, geothermal operating contracts, Geothermal licenses and IUPs issued prior to the coming into effect of the Geothermal Law may now conduct operations in conservation forests based upon an Environmental Services Utilization License.

If a company is named as the winner of a concession auction prior to the coming into effect of the Geothermal Law but has not obtained an IUP, Article 81 provides that an IPB will be processed by the MEMR (in a situation where the license would have been issued by local government prior to the coming into effect of the Geothermal Law).

Legal Framework for Electricity Industry

On September 23, 2009, Law No. 30 of 2009 on Electricity ("Electricity Law No. 30") came into effect. Electricity Law No. 30 revoked and replaced the provisions of Law No. 15 of 1985 on Electricity ("Electricity Law No. 15"). The Government Regulation No. 14 of 2012 on Electric Power Supply Business Activities, as amended by the Government Regulation No. 23 of 2014, is the implementing regulation of the Electricity Law No. 30 issued on January 24, 2012 ("Regulation 14/2012"). In addition to the Regulation 14/2012, the procedure obtaining the electricity business license is regulated under the MEMR Regulation No. 12 of 2016 as the second amendment to the MEMR Regulation No. 35 of 2013, together with Regulation 14/2012 shall be referred to as ("Electricity Law No. 30 Implementing Regulations").

Industry Framework

Under Electricity Law No. 30 and Regulation 14/2012, electricity supply in Indonesia is no longer executed by the state and carried out by PLN as the exclusive Holders of the Electricity Business Authority (*Pemegang Kuasa Usaha Ketenagalistrikan* ("PKUK")). Instead, the electricity supply is controlled by the state and conducted by the central government and the regional government through state-owned enterprises and regional government-owned enterprises. Electricity Law No. 30 also allows private business enterprises, cooperatives and non-governmental enterprises to participate in the electricity supply business. However, PLN, as a state-owned enterprise is given first priority to be the electricity supplier for the public. If PLN declines the offer to undertake a public electricity supply business for the specified area or is unable to provide sufficient supply, the central government or the regional government, in accordance with their respective authority, may offer the right to maintain the public electricity supply business to regional owned enterprises, private enterprises or cooperatives.

Type of Electricity Industry

Electricity Law No. 30 Implementing Regulations divides the electricity industry into two main sectors, namely the electricity supply business and the electricity supporting business. The electricity supply business is divided further into the electricity supply business for public and captive electricity supply business. Electricity supply business for public covers electricity generation, transmission, distribution and sales, whereas the electricity supporting business is including consultation in electricity supply installation, development and construction of electricity supply installation, examination and inspection of electricity supply installation, operation of the electricity supply installation, maintenance of the electricity supply installation, research and development, education and training, equipment test laboratory and utilization of the electricity power, certification of equipment and utilization of the electricity power, certification of electricity technical manpower competency or certification of electricity supporting business entity.

Electricity Supply Business Licensing

Under Electricity Law No. 15, the electricity supply business license was issued in the form of: (i) an electricity business license for public use (Izin Usaha Ketenagalistrikan Untuk Kepentingan Umum, "IUKU"), (ii) an electricity business license for self-use (Izin Usaha Ketenagalistrikan Untuk Kepentingan Sendiri, "IUKS"), or (iii) a PKUK. However, under Electricity Law No. 30, the PKUK is no longer recognized, and the electricity supply business license will be issued in the form of: (i) an Electricity Supply Business License (Izin Usaha Penyediaan Tenaga Listrik, "IUPTL") for the purpose of supplying electricity for public use, or (ii) an Operation License (Izin Operasi, "IO"), for the purpose of supplying electricity for private use. Under Electricity Law No. 30, PLN is deemed to hold an IUPTL. Under Regulation 14/2012, an IUPTL may be issued for the period of 30 (thirty) years and extendable coverage of licenses.

Under Electricity Law No. 30, the IUPTL covers the following business activities, such as: (i) electricity generation, (ii) electricity transmission, (iii) electricity distribution and (iv) electricity sale. An IUPTL can be issued separately for each type of electricity business activity. Further, Electricity Law No. 30 allows the integration of electricity business activities for a business entity which conducts an electricity supply business for public use.

Obligations of License Holder

Pursuant to Electricity Law No. 30, an IUPTL holders are obliged to (i) continuously supply electricity that meets the required standard of quality, (ii) provide the best services to the consumers and society, (iii) comply with electricity safety standards, (iv) prioritize the use of domestic products and supplies, and (v) provide a report on its electricity supply business to the Issuer of its respective license. Pursuant to the Electricity Law No. 30 Implementing Regulations, standard of quality shall be issued by the MEMR, the governor, or regent/mayor, in accordance with their respective authority. Failure to meet this obligation may be imposed by penalty in the form of payment of compensation related to service level to the customer.

Business Area

Electricity Law No. 30 maintains the concept of business area, which is an area that is prescribed and designated by the central government within which a business that has an IUPTL may conduct its business. Electricity Law No. 30 also reflects the general principle that only one business entity will have permission, within a single business area, to conduct an integrated electricity supply business for public use. This limitation also applies to business entities whose activities only cover distribution and/or sale of electricity for public use.

Licensing Authorities

As the Government's plan to install an additional 35,000 megawatts of power generation capacity during the 2015—2019 periods, a comprehensive one-stop integrated service is essential to facilitate the licensing process, particularly licensing in sector of electricity business. An earlier attempt to streamline the licensing process had been made by the MEMR through Regulation No. 05 of 2010 ("MEMR Regulation 5/2010") which delegated a limited amount of licensing authority in the energy and mineral resources sectors to BKPM. However, this regulation, in so far as it relates to the electrical power sector, was revoked on December 24, 2014 by the MEMR Regulation No. 35 of 2014 which came into effect on December 24, 2014 as last amended by MEMR Regulation No. 30 of 2018 ("MEMR Regulation 35/2014").

Under the MEMR Regulation 35/2014, MEMR delegates its authority to BKPM, among others, the issuance of IUPTL. The procedures for submitting license/approval applications and the required supporting documents are unaffected by the MEMR Regulation 14/2017. For instance, an application for an Electrical Power Supply License continues to be governed by the procedures and documents set out in MEMR Regulation No. 35 of 2013 on Electrical Power Supply Licensing Procedures which came into effect on December 20, 2013 as amended by MEMR Regulation No. 12 of 2016 ("MEMR Regulation 35/2013"). In order to facilitate the application process, the MEMR has seconded a number of its officials to the BKPM so as to assist with the processing of applications. The MEMR liaison officers also have the authority to provide technical recommendations and/or issue operating licenses, if required.

Transitional Provisions

Under Electricity Law No. 30, all IUKU and IUKS licenses that have been issued under Electricity Law No. 15 will remain valid until their expiration date; provided that such licenses will be adjusted in accordance with the provisions of Electricity Law No. 30 within two years since the enactment date of Electricity Law No. 30, being September 23, 2009. In addition to the delegation given to BKPM in issuing IUPTL, IUPTL that have been issued under the MEMR Regulation 5/2010 will remain valid until its expiration date.

Tariff Structure for the Sales Prices to Public as Consumers

Under Electricity Law No. 30 and Regulation 14/2012, the central Government retains the authority to issue national guidelines regarding electricity tariffs. However, each level of government, with the approval of the national DPR (in the case of the central Government) or regional House of Representatives (*Dewan Perwakilan Rakyat Daerah*) (in the case of a regional government), has the authority to set electricity tariffs for consumers within its jurisdiction. The holder of an IUPTL may request a tariffs determination from the MEMR, the governor, or mayor/regent, in accordance with its authority. Electricity Law No. 30 expressly contemplates that tariffs charged to consumers may be different in each regional business area. Further terms and guidelines to obtain approval on electricity tariffs to public consumer shall be regulated by ministerial regulations, governor regulations or regent or mayor decree.

Integrated Power Supply Businesses

Regulation 14/2012 provides that an IUPTL license for an integrated power generation and distribution business can only be issued after obtaining the stipulation for business area. As the implementing regulation of Regulation 14/2012, MEMR Regulation Number 28 of 2012 on the Procedure for the Application of Business Area for Supplying Electricity for Public Use as amended by MEMR Regulation No. 07 of 2016, stipulates that the stipulation of business area will be granted if the relevant business area is not being served by another business area holder, if an existing business area holder is incapable of supplying electricity on a reliable basis in such business area, or if an existing business area holder return part or all of its business area to MEMR.

Sales of Electricity to PLN

MEMR Regulation No. 19 of 2017 on Utilization of Coal For Power Plant and Purchase of Excess Power. MEMR issued Decree No. 39 K/20/MEM/2019 on the Legalization of Business Plan of PLN in Procurement of Electricity (*Rencana Usaha Penyediaan Tenaga Listrik*) for 2019 to 2028. These regulations were issued to increase the capacity of construction and development of national electricity power, especially to increase construction of power generator through IPP. Coal-fired power plants can be mine mouth and non-mine power plants. Mine mouth power plant is done through direct appointment while non-mine mouth through legislation.

On June 3, 2014, the MEMR also issued MEMR Regulation 17/2014. The MEMR Regulation 17/2014 revokes MEMR Regulation No. 22 of 2012.

MEMR Regulation 17/2014 requires PLN to purchase electricity generated from geothermal power plants which operated by IPP who holds IUPTL and steam for the purpose of generating electricity from the holders of geothermal exploitation licenses. The purchase price for electricity is negotiable but must not be higher than the relevant ceiling price set out in the MEMR Regulation 17/2014. The purchase price is dependent on the area where the power plant is located and the COD, subject to approval from MEMR. The mechanism for determining the COD is governed by the Power Purchase Agreement ("PPA").

MEMR Regulation 17/2014 distinguishes between three different regions for the purpose of pricing calculations, namely:

Region I : Sumatra, Java and Bali;

Region II : Sulawesi, West Nusa Tenggara, East Nusa Tenggara, Halmahera, Molucca, Papua and Kalimantan; and

Region III : Areas in Regions I and II that are isolated and where most electricity is generated from fossil-fuel power plants.

The ceiling price is the based price on the COD, and is exclusive of escalation and transmission line construction costs. Escalation is permitted only after the COD and will be calculated based on the formula agreed

in the PPA. With escalation expressly confined to the post-COD stage, this means that IPPs will have to bear the risk of cost increases prior to the COD should there be any delay in the commencement of commercial operations. As regards the construction of transmission lines, PLN is responsible for performing the construction work.

The ceiling prices prescribed by MEMR Regulation 17/2014 are as follows:

	Ceiling Price (US$ / KWh)		
Year of Commercial Operation Date (COD)	**Region I**	**Region II**	**Region III**
2015	11.8	17.0	25.4
2016	12.2	17.6	25.8
2017	12.6	18.2	26.2
2018	13.0	18.8	26.6
2019	13.4	19.4	27.0
2020	13.8	20.0	27.4
2021	14.2	20.6	27.8
2022	14.6	21.3	28.3
2023	15.0	21.9	28.7
2024	15.5	22.6	29.2
2025	15.9	23.3	29.6

For an IPP participating in a tender for a geothermal concession, the power purchase price will be the price stated in the IPP's bid. It will be fixed and non-negotiable, and must be incorporated in the PPA. Should MEMR view the bid as favorable, MEMR will then issue a purchase instruction to PLN. No later than six months after the date of the purchase instruction, PLN and the IPP must sign the PPA. Should a PPA not signed within this period on grounds attributable to the IPP, then the IPP will be subject to administrative sanctions under the prevailing regulations (it is not clear from the MEMR Regulation 17/2014 what precisely these sanctions might be). If within one year after the issuance of the purchase instruction the PPA remains unsigned due to reasons attributable to the IPP, the purchase instruction will be automatically revoked by operation of law.

PLN is also required to purchase power generated as a result of the addition of capacity or in the event of an extension of the PPA, based on the agreement of the parties. In such circumstances, the purchase price will be the price agreed by PLN and the IPP, subject to the relevant ceiling price and the approval of MEMR. An amendment to the PPA which accommodates additional capacity or an extension of the PPA must be signed no later than 12 months after the proposal regarding additional capacity or the extension of PPA is received by PLN. Should there be a delay that is due to matters other than the purchase price, then PLN may terminate the process. However, if the delay is the result of a failure to agree on the purchase price, then PLN and the IPP should appoint an independent appraiser/expert to determine the purchase price.

Captive Electricity Generation

Under Electricity Law No. 30, as well as the Electricity Law No. 15 Implementing Regulation, a company may apply for a license to generate electricity strictly for its own use. Such license can be granted by the relevant local government agency, assuming the applicable electricity facilities are located solely within the jurisdiction of that local government.

Legal Framework for the Environment

A company whose operations have a significant environmental or social impact must create and maintain an AMDAL document if it meets certain environmental threshold, which contains analyses of, and plans for dealing with, that company's environmental impact. If a company has an environmental or social impact but does not reach the threshold where an AMDAL document is required, an Environmental Management Effort-Environmental Monitoring Effort ("UKL-UPL") must be prepared by the Company.

Pursuant to the Ministry of Environmental No. 5/2012, companies who conduct the following businesses and meets the threshold are obligated to create and maintain AMDAL document: (1) exploitation of oil and gas, (2) pipelines of oil and gas under the sea, (3) construction of oil refinery, LPG refinery, LNG refinery, (4) regasification of LNG, (5) lubricating oil refinery and (6) coal bed methane field development.

Any company which obtains an AMDAL or an UKL-UPL must also submit an application to obtain an Environmental License. Pursuant to Government Regulation No. 27 of 2012 on Environmental License ("GR 27/2012"), Environmental License is issued by the MEF, Governor, or Mayor or Regent, in accordance with their respective authorities following the publication of the application for an Environmental License submitted by a company and will be issued simultaneously with the issuance of the Environmental Feasibility Decision (*keputusan kelayakan lingkungan hidup*) or UKL-UPL Recommendations. An Environmental License is a prerequisite to obtain a business license and, in the event that the Environmental License is revoked, the business license will also be revoked.

GR 27/2012 stipulates that any environmental document that has been approved prior to February 23, 2012, i.e., Environmental Feasibility Decision and UKL-UPL Recommendation, shall be declared as a valid document and deemed to be an Environmental License.

In addition, there are a number of other key obligations that companies involved in upstream oil and gas may be required to fulfill, including obtaining certain licenses and permits and other measures in order to manage the potential risks posed to the environment by upstream oil and gas activities. However, after the issuance of GR 24/2018 and Minister of Environment and Forestry Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 on the Guidelines for the Preparation, Assessment, and Examination of Environmental Documents in the Implementation of OSS ("MEF Regulation 26/2018"), environmental permits will be issued by the OSS governing body on behalf of the Minister of Environment and Forestry, Governor or Mayor/Regent (in accordance with their respective authorities) through the OSS system.

In addition, applicable Indonesian regulations generally provide, among other things, that natural resource companies must have facilities and bear the costs and expenses of reclamation and rehabilitation of working areas, and shall prevent and minimize environmental pollution and destruction resulting from natural resource activities. Pursuant to Environmental Law, the Environmental License holder must reserve an environmental deposit fund for the restoration of the environment. Such environmental deposit fund will be deposited in state owned bank appointed by the MEF, governor, or regent/mayor in accordance with their authorization. The MEF, Governor, Mayor or Regent has the authority to appoint a third party to conduct the restoration of the environment function using the environmental deposit fund. This is to be detailed in an implementing regulation, which to date has not been issued. GR 35/2004 furthermore requires contractors to allocate environmental deposit funds for post upstream operation activities (abandonment and site restoration), which must be conducted at the beginning of exploration period. The environmental deposit fund shall be included in the work program and annual budget. The amount of environmental deposit fund will be determined each year in conjunction with budget of operating cost.

Environmental License holders must establish an environmental deposit fund for the restoration of the environment after decommissioning. The environmental deposit fund must be included in the work program and annual budget. The amount of the environmental deposit fund will be determined each year in conjunction with the operating costs budget but it is excluded from cost recovery.

Wastewater disposal

Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control requires reports to be submitted by concession holders detailing their disposal of wastewater and compliance with applicable regulations. Such reports are to be submitted on a quarterly basis to the relevant authority, with a copy provided to the MEF. The Decision of the Minister of Environmental Affairs No. 113 of 2003 concerning

Standard Quality for Coal Mining Business and/or Activities requires mining companies to process their wastewater from mining and processing activities in accordance with mandated quality standards set out therein, and to manage water that is affected by mining activities by way of sedimentation pools. Mining companies are also required to monitor surface water quality where wastewater from the sedimentation pools or wastewater treatment facilities is discharged into streams and rivers, and comply with any additional requirements stipulated in their respective concessions or licenses. Analysis of wastewater and daily flow rates must be submitted on a quarterly basis to the relevant authority and to the MEF.

Government Regulation 101 of 2014 on Management of Hazardous and Toxic Waste Materials and Government Regulation No. 74 of 2001 on Management of Hazardous or Toxic Materials *(Bahan Berbahaya dan Beracun)*, regulates the management of certain stipulated materials and waste. Flammable, poisonous or infectious waste from mining operations is subject to these regulations unless it can be proven scientifically by the applicant that it falls outside the categories set forth in such regulations. These regulations require a company using the specified materials, or which produces waste which is specified in the regulations, to obtain a license in order to store, collect, utilize, process and accumulate such waste. This license may be revoked and the license-holder may be required to cease operations in the event of violation.

In addition, Decree of the Head of Regional Environmental Impact Controlling Agency *(Badan Pengendalian Dampak Lingkungan Daerah)* No. 255 of 1996 on Procedure on the Storing and Collecting of Used Lubricant Oil provides, among others, that an entity which collects used oil for further use or processing must comply with certain requirements as set out in the decree, including obtaining a license, ensuring that buildings used for the storage of such lubricants comply with the specifications set out in the decree, establishing procedures on the collection and distribution of used oil and submitting quarterly periodic reports with respect to these activities.

Usage of explosives

Explosives usage in Indonesia for mining purposes is regulated by Decree of Minister of Mining and Energy No. 555.K/26/M.PE/1995 on General Mining Occupational Safety and Health and Regulation of Head of National Police No. 17 of 2017 on Supervision, Control and Safety of Commercial Explosive Materials (the "Explosive Regulations"). Based on the Explosive Regulations, an "end-user" is defined as a company or institution with the right to use explosive materials for the purpose of general mining, oil and gas exploration and exploitation activities, or private users engaged in non-mining businesses. Under the Explosive Regulations, an end-user is required to be a registered business entity which has obtained a transportation permit to transport, store and use explosives between designated delivery points and the relevant mining location, and hold a mining license.

THE ISSUER

The Issuer, Medco Oak Tree Pte. Ltd., was incorporated on January 4, 2019 under the laws of Singapore as a private company limited by shares and is a wholly owned subsidiary of Medco Strait Services Pte. Ltd. The registration number of the Issuer is 201900554R.

The Board of Directors of the Issuer consists of the following members: Hilmi Panigoro, Yoo Loo Ping, Roberto Lorato and Ronald Gunawan Gan.

The issued share capital of the Issuer is S$1.00 consisting of one ordinary share, which is fully paid up. From the date of its incorporation to the date hereof, the Issuer has had no outstanding debt.

The registered address of the Issuer is 38 Beach Road, #29-11, South Beach Tower, Singapore 189767.

MANAGEMENT OF THE PARENT GUARANTOR

Commissioners, Directors and Advisors

The management and day-to-day operations of the Parent Guarantor are carried out by the Board of Directors under the supervision of the Board of Commissioners, the members of which are appointed through a general meeting of shareholders. The rights and obligations of each member of the Board of Commissioners and Board of Directors are established in the Parent Guarantor's Articles of Association and by the decisions of the Parent Guarantor's shareholders in a general meeting of shareholders. Under the Articles of Association, the Board of Directors must consist of at least three members including a President Director and two or more Directors. The President Director is authorized to represent the Board of Directors and to represent the Parent Guarantor. The Board of Commissioners must have at least three members: a President Commissioner and two or more Commissioners.

The Board of Commissioners is currently composed of five members. The Board of Directors is currently composed of five members. Commissioners and Directors are elected for a term of office of five years, which may be extended, without prejudice to the rights of the general meeting of shareholders to dismiss a Commissioner or Director during their term of office or to reappoint a Commissioner or Director whose term of office has expired. The Parent Guarantor also has three Advisors, each of whom advises the Board of Commissioners and Board of Directors concerning the latest developments within the oil and gas industry.

None of the Commissioners, Directors and advisors of the Parent Guarantor have had any convictions in relation to fraudulent offenses, have been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of such positions, have had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or have been disqualified by a court from acting as a member of the Board of Commissioners or the Board of Directors of the Parent Guarantor or from acting in the management or conduct of the affairs of the Parent Guarantor during the five year period prior to the date of their appointment.

Information regarding the Commissioners, Directors and Advisors of the Parent Guarantor is set forth below. The business address of all Commissioners, Directors and Advisors of the Parent Guarantor is the address of Medco Energi's registered and principal executive office at 55th Floor, The Energy, SCBD Lot 11A, Jl. Jend. Sudirman, Jakarta 12190, Indonesia.

Board of Commissioners

Name	Position	Date of Appointment	Date of Expiration of Term
Mr. Muhammad Lutfi	President Commissioner	Nov 25, 2015	2020
Mr. Bambang Subianto	Independent Commissioner	Nov 25, 2015	2020
Mr. Marsillam Simandjuntak	Independent Commissioner	May 27, 2010	2020
Mr. Yaser Raimi A. Panigoro	Commissioner	Nov 25, 2015	2020
Ms. Yani Yuhani Rodyat*	Commissioner	June 29, 1998	2020

* Mr. Hilmi Panigoro, Medco Energi's President Director, Ms. Yani Yuhani Rodyat, Medco Energi's Commissioner, and Mr. Arifin Panigoro, Medco Energi's Advisor, are siblings.

Mr. Muhammad Lutfi. Indonesian citizen. Born in 1969. He has been the President Commissioner since November 25, 2015. He was a former Minister of Trade of Indonesia from February to October in 2014 and a former Ambassador of Indonesia to Japan from 2010 to 2013. He was also a former Chairman of BKPM from 2005 to 2009. He has an extensive international network, a deep understanding in investments and organization experience. He received a Bachelor's degree in Economics from Purdue University in the U.S.

Mr. Bambang Subianto. Indonesian citizen. Born in 1945. He has been an Independent Commissioner since 2015. He has been a partner in Arghajata Consulting since 2005 and has previously held positions as a partner of PT Ernst Young Consulting from 2000 to 2004, as a former Minister of Finance of Indonesia from 1998 to 1999, and as Chairman of IBRA (BPPN) from January to February 1998. He was also a former Director General of Financial Institution of Ministry of Finance of Indonesia from 1992 to 1998, and a former Director of Financial Institution and Accounting of the Directorate General of Monetary of the Ministry of Finance from 1988 to 1992. He also acted as a Director of Management Consulting of Economic Faculty, Management Institute University of Indonesia from 1986 to 1988. He received a Doctoral degree in Applied Economic Sciences in 1984 and a Master's of Business Administration in 1981 both from Catholic University of Leuven, Belgium. He also received a Bachelor's degree in Chemical Engineering in 1973 from Bandung Institute of Technology.

Mr. Marsillam Simandjuntak. Indonesian citizen. Born in 1943. He has been an Independent Commissioner since 2010. He previously held positions as Special Staff to the Ministry of Finance for Tax Reform Initiative and Customs from 2006 to 2010. He was the head of the Presidential Working Unit Program and Reform Governance (UKP-PPR) from 2006 to 2009. He was a former Secretary of Cabinet, Minister of Justice and Attorney General of the Republic of Indonesia in 2001. He also had experience as President Commissioner of PT Garuda Indonesia from 2003 to 2005 and President and Independent Commissioner of PT Gunung Agung Tbk from 2003 to 2005. He began his career as a medical doctor at PT Garuda Indonesia in 1971 up until 1980 and received a Medical degree from the University of Indonesia in 1971 and a Law degree from the University of Indonesia in 1989. He was a visiting scholar at the University of California, Berkeley, United States of America from 1985 to 1987.

Mr. Yaser Raimi A. Panigoro. Indonesian citizen. Born in 1978. He has been a Commissioner since 2015. He currently holds positions as Commissioner of PT Medco Agro, PT Multi Fabrindo Gemilang, PT Medco Intidinamika and PT Antareja Resources. He joined the Parent Guarantor as a Business Development Manager in 2003 and was a Deputy Managing Director of Medco Energi Mining Indonesia from 2007 to 2010.

Ms. Yani Yuhani Rodyat. Indonesian citizen. Born in 1951. She has been a Commissioner of the Parent Guarantor since 1998. She currently holds positions as Director of PT Medco Duta and PT Medco Intidinamika, Commissioner of PT Sentrafood Indonusa, Lecturer at University of Indonesia and Commissioner of PT Sarana Jabar Ventura. She has extensive experience in the field of education and science, and is a lecturer at various reputable universities in Indonesia. She also worked in the Indonesian Science Institute from 1975 to 1982. She received a Master's degree in Management from Sekolah Tinggi Manajemen, Bandung, in 1977, and a Bachelor's degree in Electrical Engineering from Bandung Institute of Technology in 1975.

Board of Directors

Name	Position	Date of Appointment	Date of Expiration of Term
Mr. Hilmi Panigoro*	President Director	Nov 25, 2015	2020
Mr. Roberto Lorato	Director and Chief Executive Officer	Nov 25, 2015	2020
Mr. Anthony R. Mathias	Independent Director	Nov 25, 2015	2020
Mr. Ronald Gunawan	Director and Chief Operating Officer	Nov 25, 2015	2020
Mr. Amri Siahaan	Director and Chief Human Capital & Business Support Officer	Nov 25, 2015	2020

* Mr. Hilmi Panigoro, Medco Energi's President Director, Ms. Yani Yuhani Rodyat, Medco Energi's Commissioner, and Mr. Arifin Panigoro, Medco Energi's Advisor, are siblings.

Mr. Hilmi Panigoro. Indonesian citizen. Born in 1955. He has been the President Director of the Parent Guarantor since 2015 and was appointed for a five-year term from 2015 to 2020. He was the President Commissioner of the Parent Guarantor from 2008 to 2015. He currently holds positions as President Director of PT Medco Duta and PT Medco Intidinamika. He has extensive experience in the oil and gas industry and held various positions while working at VICO Indonesia between 1982 and 1996. He received a Master's degree in Geological Science from Colorado School of Mines, U.S., in 1988, took a core program in Business Administration at Thunderbird University, United States, in 1984, and received a Bachelor's degree in Geological Science from Bandung Institute of Technology in 1981.

Mr. Roberto Lorato. Italian citizen. Born in 1958. He has been Director and Chief Executive Officer of the Parent Guarantor since 2015 and was appointed for a five-year term from 2015 to 2020. He previously held positions as the President of Premier Oil Indonesia from 2010 to 2015, the Managing Director of Eni Indonesia from 2006 to 2009, the President and Chief Executive Officer of VICO from 2003 to 2006, and the Managing Director of Agip, UK, from 2001 to 2002. Since 2006, he has also been an active member of the IPA Board of Directors and was elected President of the Association for the years 2008 and 2009. He received a Master's degree from the London Business School, a Master's degree in Energy Economics from Scuola Superiore Enrico Mattei and a Bachelor's degree in mechanical engineering from the University of Padua.

Mr. Anthony R. Mathias. British citizen. Born in 1966. He has been an Independent Director of the Parent Guarantor since 2015 and was appointed for a five-year term from 2015 to 2020. He has extensive experience in the oil and gas industry and has been the Vice President of Finance and Information Technology in Premier Oil from 2012 to 2015. He previously held positions in finance at ConocoPhillips from 2006 to 2012 and Mobil Oil. After university, Tony began his career as an engineer with GEC Marconi in 1988 before joining PriceWaterhouse in 1990. He is a Fellow of the Institute of Chartered Accountants in England and Wales and received an MBA from the Manchester Business School and a Bachelor's degree in Electrical Engineering from Bradford University in the United Kingdom.

Mr. Ronald Gunawan. Indonesian citizen. Born in 1964. He has been Director and Chief Operating Officer of the Parent Guarantor since 2015 and was appointed for a five-year term from 2015 to 2020. He has more than 27 years of extensive experience in the oil and gas industry, and he previously held positions as the Vice President of Operations & Development in Premier Oil Indonesia from 2014 to 2015 and as the President and General Manager in Hess Indonesia from 2012 to 2014. He held various management positions in operations and projects in Eni Australia and Eni E&P from 2007 to 2012. He also served as the Vice President of Assets at Vico Indonesia from 2002 to 2006. He received a Master's of Science degree from Texas A&M University and a Bachelor's of Science degree in petroleum engineering from Bandung Institute of Technology.

Mr. Amri Siahaan. Indonesian citizen. Born in 1965. He has been Director and Chief Human Capital & Business Support Officer of the Parent Guarantor since November 25, 2015 for a five-year term from 2015 to 2020. He has over 26 years of experience in the oil and gas industry. He has been Vice President of Government Affairs & Business Support in Premier Oil Indonesia from 2011 until 2015. He has previously held positions as the General Manager of Operations and Start-Up Manager in Tangguh LNG BP Indonesia from 2008 to 2011, as an Executive Assistant to Chief Operating Officer in Atlantic LNG Trinidad & Tobago form 2007 to 2008, as the Vice President of Semberah Asset in VICO Indonesia from 2004 to 2006, as the Vice President of Supply Chain Management in VICO Indonesia from 2001 to 2004 and as the Audit & Internal Control Manager in BP Indonesia in 2001. He received an MBA degree from University of Leicester, United Kingdom and a Bachelor's degree in mechanical engineering from Institute of Technology Bandung.

Advisors

Name	Position	Date of Appointment	Date of Expiration of Term
Mr. Alwi Shihab	Advisor	2007	—
Mr. Arifin Panigoro*	Advisor	1998	—
Mr. Subroto	Advisor	1997	—

* Mr. Hilmi Panigoro, Medco Energi's President Director, Ms. Yani Yuhani Rodyat, Medco Energi's Commissioner, and Mr. Arifin Panigoro, Medco Energi's Advisor, are siblings.

Mr. Alwi Shihab. He is a former Minister of Foreign Affairs of the Republic of Indonesia and Coordinating Minister of People's Welfare. He joined as the Parent Guarantor's Advisor in March 2007 with the main role of providing advice in penetrating the international oil and gas market. He graduated from IAIN Alauddin, Ujung Pandang, Indonesia in 1986 with a Bachelor's degree in Islamic Philosophy. He received his Bachelor of Arts degree and Master of Arts degree from University of Al-Azhar, Cairo, Egypt in 1966 and 1968, respectively. He also received a Master of Arts degree and a Doctoral degree in philosophy from Temple University in the United States in 1995, as well as a Doctoral degree in philosophy from University of Ain Shams, Cairo, Egypt.

Mr. Arifin Panigoro. He is the founder of the Parent Guarantor and has been involved in the drilling and oil and gas industry since 1980. He withdrew from the Parent Guarantor's management in 1998 and has since become an Advisor to Medco Energi.

Mr. Subroto. He was a former Minister of Mining and Energy of Republic of Indonesia and former Secretary General of Organization of Petroleum Exporter Committee (OPEC). Since 1997, he has been an Advisor to the Parent Guarantor, mainly in providing information on macroeconomic issues and global developments in the oil and gas business. He received a post-doctorate degree from the International Teachers Program of Harvard University in 1964 and a post-doctorate degree in Financial Management and Control from Stanford University in 1963. He also received a Doctoral degree in Philosophy and Economics from University of Indonesia in 1958, a Master of Arts degree in Economics from McGill University in Montreal, Canada in 1956, and a Bachelor of Arts degree in Economics from the University of Indonesia in 1952 after he graduated from the Military Academy, Yogyakarta in 1948.

Compensation and Share Ownership

The total compensation and other benefits recognized to the Commissioners and Directors in 2016, 2017 and 2018 totaled US$4.5 million, US$10.5 million and US$12.7 million, respectively.

As of December 31, 2018, excluding the interests of Mr. Hilmi Panigoro, the Parent Guarantor's Commissioners, Directors and Advisors as a group hold less than 1% of the Shares. See "Principal Shareholders of the Parent Guarantor."

Board Practices

The Parent Guarantor complies with corporate governance requirements applicable to public companies in Indonesia.

Termination of Employment

Commissioners and Directors are given a severance payment upon termination of employment in accordance with the Parent Guarantor's severance compensation policy for Commissioners and Directors.

Corporate Secretary

On December 28, 2016, we appointed Mrs. Siendy K. Wisandana as our corporate secretary pursuant to the Organization Announcement re. Corporate Secretary No. INT-1520/TAL/MEDC/XII/2016. The function of a corporate secretary must be performed by one of the directors of a listed company or an official of such listed company who is specifically appointed to conduct such function. In the event the corporate secretary is not a director of the relevant listed company, the board of directors of the listed company is responsible for any information submitted by the corporate secretary. Under OJK Regulation No. 35/POJK.04/2014 on Corporate Secretary of Issuer or Public Company, dated December 8, 2014, the functions of a corporate secretary are, among others, to keep himself or herself up-to-date with the capital market regulations, to ensure that information about the company is accessible to investors, to provide inputs to the Board of Directors with respect to the compliance to Law No. 8 of 1995 on Capital Market and its implementing regulations and act as contact person between the company on the one hand, and the relevant authorities and the public on the other.

Audit Committee

Pursuant to the OJK Regulation No. 55/POJK.04/2015 on Establishment and Implementation Guidelines for the Audit Committee, dated December 23, 2015, the Audit Committee's main responsibility is to assist the Board of Commissioners in assessing the integrity of operation and financial reports prepared by the Board of Directors. Based on minutes of board of commissioners meeting dated January 13, 2016, the current Audit Committee comprises of three members consisting of one Independent Commissioner and two independent external parties namely, Mr. Bambang Subianto as the chairman, Mr. Jul Azmi and Ms. Ida Anggrainy Sarwani, respectively. Duties and responsibilities of Audit Committee are set forth in the Parent Guarantor's audit committee charter dated February 5, 2014.

Internal Audit

We have appointed Ronny Siahaan as the Chairman of our internal audit as of November 1, 2017 which has been approved by the Board of Commissioners of the Company pursuant to Memo regarding Approval Proposal for the Appointment of New Senior Manager of internal audit dated October 30, 2017. Internal audit is regulated under OJK Regulation No. 56/POJK.04/2015 on the Formation and Guidelines on Drafting the Charter of Internal Audit Unit, dated December 23, 2015. Duties and responsibilities of internal audit department have been set forth in our Internal Audit Charter effective since January 1, 2003. Our Internal Audit Unit is authorized to (i) access such financial statements, records and facilities as may be reasonably required for it to discharge its responsibilities, (ii) directly communicate and convene meetings periodically with our Board of Directors, Board of Commissioners and/or Audit Committee or any member thereof; and (iii) coordinate with our external auditors.

Nomination and Remuneration Committee

Under OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of the Issuer or Public Company, dated December 8, 2014, for the purposes of implementing good corporate governance, a public company is required to have the function of nomination and remuneration which can be conducted by the board of commissioners. Our Nomination and Remuneration Committee are stipulated in minutes of board of commissioners meeting dated January 13, 2016 which consists of five members, namely Mr. Marsillam Simandjuntak, who is the chairman of the division, Mr. Muhammad Lutfi, Mrs. Yani Yuhani Rodyat, Mr. Yaser Raimi Panigoro and Mrs. Cisca Alimin. Duties and responsibilities of Nomination and Remuneration Committee are stipulated in our Nomination Committee Charter and Remuneration Committee Charter both effective since February 5, 2014.

Risk Management Committee

The Risk Management Committee ("RMC") is formed to assist the Board of Commissioners in ensuring that the risks inherent in the Parent Guarantor's business have been defined and understood, and that subsequently,

risk mitigation plans have been formulated and delegated to respective risk owners who are competent risk managers in the respective business units for every major transaction proposed to be undertaken by the Parent Guarantor and its subsidiary entities. The RMC is the last line of defense in ensuring that the degree of acceptance to risks is consistent with the strategy of the business and must satisfy itself that the relevant parties such as shareholders and Board of Commissioners are appropriately informed of the enterprise's risk profile. Members of the RMC are officially appointed and dismissed by the Board of Commissioners and the membership of the committee comprises of at least five members. The committee currently comprises of eight members, namely, Mr. Muhammad Lutfi as the Chairman of the committee, Mr. Hilmi Panigoro, Mrs. Yani Y. Rodyat, Mr. Yaser Raimi A. Panigoro, Mr. Marsillam Simandjuntak, Mr. Bambang Subianto, Mr. Anthony Robert Mathias and Mr. Roberto Lorato as members.

PRINCIPAL SHAREHOLDERS OF THE PARENT GUARANTOR

The authorized share capital of the Parent Guarantor is Rp. 950.0 billion comprising 38,000,000,000 shares of Rp. 25 each, of which 17,838,658,648 shares (including treasury stock) were issued and outstanding and were fully paid up, as of the date of this Offering Circular (the "Shares").

The following table sets forth certain information, as of April 16, 2019, with respect to the ownership of the Shares by each person who, according to the records of Parent Guarantor, owned more than 5% of Parent Guarantor's Shares, treasury shares and ownership by the public:

Name of Shareholder[2]	Number of Shares Held	Percentage of Total Outstanding Shares (%)
PT Medco Duta[1]	33,244,500	0.19
PT Multifabrindo Gemilang[1]	8,000,000	0.05
PT Medco Daya Abadi Lestari[1][3][5]	8,959,891,262	50.23
Diamond Bridge Pte., Ltd.[3][4]	3,830,690,801	21.47
Treasury Shares	66,493,640	0.37
Public (each below 5%)	4,940,338,445	27.70

Notes:

(1) PT Medco Duta, PT Medco Daya Abadi Lestari, and PT Multifabrindo Gemilang are beneficially owned by, and/or held for the benefit of, Hilmi Panigoro, our President Director, and/or members of his family.

(2) In connection with our rights offering in December 2017, shareholders that exercised their rights were issued one Warrant per share subscribed for in the rights offering. We issued a total of 4,399,117,667 Warrants to shareholders that subscribed for their rights in the rights offering. As of April 16, 2019, PT Medco Daya Abadi Lestari has 1,798,156,665 outstanding Warrants. Diamond Bridge Pte., Ltd. has 1,147,598,171 outstanding Warrants. Such Warrants are tradable after the date of issuance and so there can be no assurance that the number of Warrants held by PT Medco Daya Abadi Lestari and Diamond Bridge Pte., Ltd. will not change. The Warrants are exercisable between July 2018 and December 2020. As of April 16, 2019, 675,499 Warrants have been exercised.

(3) Diamond Bridge Pte., Ltd. is owned by Premium Return Ventures Limited. Tan Hang Huat is listed as the owner of record of Premium Return Ventures. Agus Projosasmito, Tan Hang Huat and Yang Teck Huat are directors of Diamond Bridge Pte., Ltd.

(4) In the event that all of the Warrants issued are exercised and PT Medco Daya Abadi Lestari does not exercise its Warrants, the interests held by the Panigoro family could, in theory, decline to become below 50% of our total outstanding Shares.

(5) On March 28, 2018, PT Medco Daya Abadi Lestari acquired 4,760,709,492 Shares from Encore and 2,763,255,200 Shares from Clio Capital Ventures Pte. Ltd. Following this internal restructuring, both Encore and Clio Capital Ventures Pte. Ltd. are no longer shareholders of Parent Guarantor.

In June 2017, the shareholders of the Parent Guarantor approved the issuance of Shares to certain members of our senior management team and Directors, namely Anthony Robert Mathias, Amri Siahaan, Ronald Gunawan and Roberto Lorato, who are directors of the Parent Guarantor and Muhammad Lutfi and Yasser Raimi Panigoro, who are commissioners of the Parent Guarantor. These Shares were issued in August 2017, and each such person owns less than one percent of the outstanding Shares of the Parent Guarantor. Except as described in this Offering Circular, the Parent Guarantor is not aware of the beneficial ownership of its outstanding Shares.

RELATED PARTY TRANSACTIONS

The Company enters into transactions with certain of its subsidiaries, investees and other related parties in the ordinary course of business. All of these commercial arrangements are entered into on an arm's-length basis.

In connection with these related party transactions, it is our policy to comply with Indonesian securities laws, the rules and regulations of the OJK, as well as the accounting standards regarding disclosure of information concerning related persons and companies as determined by the Indonesian Institute of Accountants. It is our policy to conduct these transactions on normal commercial terms and on an arm's-length basis. Any of our future transactions with persons with possible conflicts of interest will be reviewed by our audit committee to consider the reasonableness of any such transaction. In addition, in order to protect the rights of minority shareholders, the rules of OJK require the Company to engage an independent evaluator to provide fairness of opinion in relation to the transaction and for the Company's independent shareholders to vote to approve or disapprove any transactions, whether or not material, which entail a "conflict of interest" under OJK rules. See "Risk Factors—Risks Relating to our Business and Operations—Indonesian law contains provisions which may cause us to forego transactions that are in our best interests."

We have summarized below the material related party transactions that we have entered into with our related parties. We believe each of these arrangements as described below have been entered into on arm's-length terms or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties.

The related parties with whom we have entered into business transactions are:

- Kuala Langsa (Blok A) Limited ("KLL");
- Mitsubishi Corporation[(1)];
- Petro Diamond Singapore[(1)];
- Petro Diamond Co. Ltd.[(1)];
- PT Donggi Senoro LNG[(1)];
- PT Api Metra Graha;
- PT Medco Power Indonesia;
- PT Amman Mineral Investama;
- PT Medco Days Sentosa ("MDS");
- PT Medco Daya Abadi Lestari ("MDAL")
- PT Bank Woori Saudara Indonesia 1906 Tbk;
- PT Medco Duta;
- PT Satria Raksa Buminusa;
- PT Musi Raksa Buminusa;
- PT Medco Energi Mining International;
- PT Amman Mineral Nusa Tenggara ("AMNT");
- PT Amman Mineral Industri;
- PT Medco Daya Natuna;
- PT Medco Intidinamika ("MI").

Note:

(1) No longer related party since October 2016.

Transactions with Related Parties

Mitsubishi Corporation

PT Donggi Senoro LNG ("DSLNG")

Mitsubishi UFJ, which was previously one of our significant shareholders, is an affiliate of Mitsubishi Corporation, which is one of our partners in the Senoro DSLNG facility. In October 2010, the Parent Guarantor and its partners in the Senoro Downstream Gas Development Project which are also shareholders of DSLNG namely, Pertamina and Mitsubishi Corporation, signed the Principles of Marketing Cooperation Agreement to do joint marketing of LNG (MJV HOA) with Chubu Electric Power Co, Inc. ("Chubu"). Under the MJV HOA, Chubu, Pertamina, Mitsubishi Corporation and the Parent Guarantor agreed to cooperate to market LNG purchased by Chubu to other potential buyers.

On January 22, 2009 with the most recent amendment on December 13, 2010, PT Donggi Senoro LNG entered into a GSA with PT Medco E&P Tomori Sulawesi to supply 252.197 BBTUD of gas. This contract will be terminated at the time when such quantity in the agreement fully supplied or until the termination of PSC, whichever occurs first.

Petro Diamond Co. Ltd. ("PDCL") and Petro Diamond Singapore Pte. Ltd. ("PDS")

PDCL and PDS are subsidiaries of Mitsubishi Corporation.

On July 1, 2016, the Parent Guarantor, through its wholly owned subsidiary, Far East Energy Trading Pte. Ltd., signed the Senoro Condensate Sales and Purchase Agreement with PDS. This agreement has a term of 48 months or four million barrels of condensate have been sold, whichever occurs earlier, at a price based on ICP Senoro Condensate minus a fixed premium as stated in the agreement.

On April 1, 2014, the Parent Guarantor, through its wholly owned subsidiary, Petroleum Exploration & Production International Ltd., signed a Crude Oil Sale and Purchase Agreement with PDCL. This agreement has a term until December 31, 2015, or until PDCL lifts the total quantity of 1,025,000 barrels of oil at a price based on ICP Tiaka plus a fixed premium as stated in the agreement. According to an amendment dated April 16, 2015, PDCL assigned its rights and obligations under this agreement to PDS in a letter dated February 18, 2015.

In 2016 revenue from PDS has accounted for approximately 27% of our revenue.

Since October 2016, Mitsubishi Corporation, DSLNG, Petro Diamond Co Ltd and Petro Diamond Singapore Pte Ltd have not been related parties of the Company.

PT Api Metra Graha

Prior to December 2015, we owned a 49% interest in AMG, the entity which owns The Energy Building in Jakarta where we rent office space for our headquarters. We consolidated starting December 2015 following our purchase of the remaining 51%, and which prior to December 2015 we accounted for using the equity method. In March 2019, we sold 51% of AMG to MDAL, and therefore we do not expect to continue to consolidate the results of AMG from the date of closing. See "PT Medco Daya Abadi Lestari ("MDAL")" below. In addition, MPI, MEGS, PT Medco Energi Mining International, Medco E&P Indonesia, AMNT, PT Medco Power Generation Indonesia rent space in The Energy Building.

On November 14 2018, MI, AMG and PT Dago Endah ("DE") entered into a novation agreement, whereby MI agreed to novate its rights and obligations to AMG, pursuant to the Appointment Letter dated March 29, 2017 from DE to MI in relation to the Cooperation Agreement of the Development Work Continuation of Condotel Dago Golf Resort & Spa between Rusman Effendi S.H., Herda Herdiana, S.H. and Jaskur Galampa, S.E., S.H.,

M.H. as the Curator Team of PT Panghegar Kana Legacy (In Bankruptcy) ("Curator PKLC"), Joint Operation DE and the Residents of Condominium of Condotel Dago/*Penghuni Satuan Rumah Susun Condotel Dago* ("PPPSRS") dated February 3, 2017 as last amended by the second amendment dated September 25, 2018 between Curator PKLC, PPPSRS and MI.

On November 14, 2018, AMG entered into the Conditional Share Sale and Purchase Agreement with MI to purchase 495 shares of PT Wisesa Satya Warna owned by MI by January 10, 2019 or on any other date as mutually agreed in writing between the parties. As of December 31, 2018, AMG has paid advance payments to MI of Rp. 39.8 billion for costs and expenses incurred by MI (up to September 2018) for the Condotel Dago project pursuant to a novation agreement entered into between the parties. The deal had not been made effective as certain conditions precedent included in the Conditional Share Sale and Purchase Agreement had not yet been fulfilled.

PT Medco Power Indonesia

Prior to our acquisition of our controlling interest in October 2016, MPI was 49%-owned by the Parent Guarantor.

MEPL owns and operates an onshore gas field in the Lematang area in South Sumatra. The field requires approximately 6.0 MW of electricity supplied by the 7.5 MW gas-fired captive power plant, Singa. Singa began commercial operations in 2010 with Indo Turbine and Grand Cartex as the EPC contractors. MPI currently owns a 100% stake in the project. In January 2010, Singa entered into a PPA with MEPL for a period of five years, ending in January 2015. The PPA tenor has been extended until March 2018. MPI is currently in process of obtaining an extension of the tenor of the PPA with MEPL, since MEPL obtained its PSC extension of the Lematang PSC in 2016. The PPA has a minimum take-or-pay of 80% of the capacity factor, at a fixed tariff of US$3.97 cents per KWh and gas is provided by MEPL. For gas, MEPL guarantees and provides gas supply to the power plant from the Singa gas field.

MPI leases office space from AMG, located at The Energy Building, SCBD Lot 11A, Jl. Jend. Sudirman, Kav. 52-53, Jakarta 12190. The agreement is valid until March 31, 2020.

AMNT

In connection with our acquisition of our joint venture interest in AMNT, we entered into certain transactions with our joint venture entities. See "Business—Copper and Gold Mining."

AMNT leases office space from AMG, located at The Energy Building, SCBD Lot 11A, Jl. Jend. Sudirman, Kav. 52-53, Jakarta 12190. The agreement is valid until July 31, 2017.

PT Medco Daya Sentosa ("MDS")

On March 27, 2017, the Parent Guarantor through MDS entered into Sale and Purchase Agreement with Inpex Natuna Ltd to purchase all shares owned by Inpex Natuna Ltd on Medco South Natuna Sea Ltd. The Parent Guarantor has granted a corporate guarantee to Inpex Natuna Ltd to guarantee all liabilities and responsibilities held by MDS as the purchaser. MDS is a subsidiary of MDAL, in which the Parent Guarantor holds 1% and MDAL holds 99% of the issued and paid-up capital of MDS. Pursuant to the Joint Operating Agreement among the working interest holders of South Natuna Sea Block B, as the operator of the block, we are entitled to receive certain overhead fees from the other working interest holders. As a result, since the purchase of its 35% working interest in South Natuna Sea Block B by MDS in 2017, we have received and expect to continue to receive overhead fees as operator of the block.

PT Medco Daya Abadi Lestari ("MDAL")

On May 12, 2017, the Parent Guarantor has transfer 98% of its shares in MDS to MDAL, with the agreed purchase price of Rp. 539 million. In relation to the transfer of shares, MDAL executed a Counter Guarantee and Indemnity in relation to the corporate guarantee granted by Parent Guarantor to Inpex Natuna Ltd. MDAL is a shareholder of the Parent Guarantor with the 19.69% of ownership. MDAL is entirely owned by the Panigoro Family. On May 15, 2017, we entered into a business services agreement with MDAL, pursuant to which we agreed to assist in providing business services for MDAL covering accounting, corporate finance, corporate treasury, corporate planning, legal and other operational activities related to the business of MDAL's subsidiaries. The agreement has a fixed fee annually and expires on May 14, 2022.

On December 28, 2018, the Parent Guarantor and MDAL signed a Conditional Sale and Purchase Agreement ("AMG CSPA") whereby the Parent Guarantor agreed to sell 116,280 shares representing 51% share ownership in AMG to MDAL for US$163 million. The sale closed on March 29, 2019. The purchase price will be paid in stages. The first consideration of US$83.1 million including the novation of the Parent Guarantor's debt in the amount of US$73.1 million to AMG was received prior to March 29, 2019. The final payment of U$79.9 million will bear interest at a rate of 5.85% per annum until paid no later than six months after the closing date. Under the AMG CSPA, both MDAL and the Parent Guarantor have the first option to purchase the other party's remaining shares in AMG prior to December 31, 2022. The Parent Guarantor received a down payment of US$10 million from MDAL related to this transaction on December 28, 2018.

On December 18, 2017, the Parent Guarantor through its wholly-owned indirect subsidiary, Far East Energy Trading Pte Ltd ("FEET"), signed a COSPA with MDAL for the purchase, receipt and payment of crude oil to MDAL, which expires on June 30, 2020. The price of the oil covered in the agreement is based on ICP of Belida and/or Belanak including fixed premium per barrel as stated in the agreement. Under the COSPA, the payment to MDAL is made by way of an advance payment mechanism, subject to terms and conditions that are mutually agreed by both parties. The total advance payment under the COSPA is up to US$150 million. On December 20, 2017, MDAL received the first advance payment amounting to US$40 million for the purchase, receipt and payment of crude oil for twelve months. The second advance payment will not be received until the completion date of the consolidated financial statements. Through a related COSPA, MDAL sells crude oil through FEET, and we recognize costs of crude oil purchases and revenue from the relevant sale. Such costs amounted to US$52.2 million in 2018 and revenue amounted to US$52.4 million in 2018.

On June 29, 2018, we entered into a Conditional Share Sale and Purchase agreement with MDAL to sell 99.96% of PT Medco Energi Mining Internasional ("MEMI"), which owns PT Duta Tambang Rekayasa and PT Duta Tambang Sumber Alam (which own and operate coal mines in Nunukan, North Kalimantan) and 99.9% of PT Medco Infrastruktur Indonesia ("MII"), which owns PT Meta Adhya Tirta Umbulan, a drinking water supply system operator. Also on June 29, 2018, PT Medco Energi Nusantara entered into a Conditional Share Sale and Purchase Agreement with PT Bahtera Daya Makimur to sell to it 0.04% of the total shares of MEMI and 0.1% of the total shares of MII. The total purchase price of all shares sold of MEMI and MII amounted to US$17.0 million, which we received on December 28, 2018. The transaction closed on December 31, 2018 and both MEMI and MII are therefore no longer our subsidiaries.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following is a summary of the terms of our material indebtedness. The following summary does not purport to be complete. Please refer to Parent Guarantor's financial statements and the notes thereto included elsewhere in this Offering Circular for additional information with respect to such indebtedness.

Parent Guarantor's Indebtedness

The Parent Guarantor's indebtedness bear interest in range of 3.78% to 6.32% for US$ and swapped non US$ borrowings.

Indebtedness with PT Bank Mandiri (Persero) Tbk ("Mandiri")

Special Transaction Credit Facility Phase VI

On August 21, 2015, the Parent Guarantor entered into a non-revolving credit facility agreement with Mandiri for a maximum principal amount of US$100 million. This facility is unsecured and matures on August 20, 2020.

US$45.4 million was outstanding under this facility as of December 31, 2018.

Special Transaction Credit Facility Phase VIII

On September 28, 2017, the Parent Guarantor entered into a non-revolving credit facility agreement with Mandiri for a maximum principal amount of US$85.0 million. This facility is collateralized by a pledge over shares of PT Saratoga Power (which has since been renamed PT Medco Power Internasional) and over certain accounts.

US$56.0 million was outstanding under this facility as of December 31, 2018.

Special Transaction Credit Facility Phase X

On December 20, 2018, the Parent Guarantor entered into a non-revolving credit facility agreement with Mandiri for a maximum principal amount of US$200.0 million. This facility is unsecured and matures on December 20, 2021.

US$162.0 million was outstanding under this facility as of December 31, 2018.

Restrictions Pursuant to the Credit Facility Agreements with Mandiri

Under the abovementioned credit facility agreements with Mandiri, Parent Guarantor is required to comply with several financial covenants, including (i) maintaining a debt to equity ratio not exceeding 3:1, (ii) maintaining a minimum EBITDA to net financial expenses ratio of 1:1 and maintaining Net Leverage Ratio (Net Debt to EBITDA) that will not exceed 5:1. So long as any loan remains outstanding under these agreements, without Mandiri's prior written approval, the Parent Guarantor may not: (i) conduct any merger or consolidation or acquisition of other companies which may cause dissolution of the Parent Guarantor or have a material adverse effect on the business activity of the Parent Guarantor, (ii) reduce the authorized capital, issued capital, or paid up capital, (iii) provide any loan to any parties except for any existing loan, any loan to the employees, any loan to its subsidiaries, and any loan exempted under the existing credit agreement and Parent Guarantor's bonds, including Rupiah bonds, shelf-registered U.S. dollar bonds, shelf-registered Rupiah bonds, or other debt instruments, (iv) provide security over or encumber any of the Parent Guarantor's assets and/or revenue, except for (1) any security or encumbrance over assets which have been effective prior to the agreement, (2) any

security or encumbrance relating to the new loan facility for refinancing purposes, and (3) any security or encumbrance as required for the purposes of business activity of the Parent Guarantor, including security or encumbrance exempted under the existing credit facility and Parent Guarantor's bonds, including Rupiah bonds, shelf-registered USD bonds, shelf-registered Rupiah bonds, or other debt instruments, (v) transfer more than 10% of the Parent Guarantor's total fixed assets in a single or series of transactions within the relevant year, (vi) change the business activities of the Parent Guarantor, (vii) obtain loan from third party(ies) in breach of the provision(s) under this agreement or agreements relating to the existing bonds prior to the execution of this agreement, except for any loan exempted under the existing credit agreement and Parent Guarantor's bonds, including Rupiah bonds, shelf-registered USD bonds, shelf-registered Rupiah bonds, or other debt instruments, (viii) liquidate or apply for bankruptcy or postponement of debt settlement obligations, (ix) distribute dividend payments to the Parent Guarantor's shareholders which may cause the dividend payout ratio to be more than 50% and (x) distribute or declare dividend to the Parent Guarantor's shareholders which may negatively affect the Parent Guarantor's ability to repay its debt.

Indebtedness with PT Indonesia Infrastructure Finance ("IIF")

On April 10, 2017, the Parent Guarantor obtained a term loan facility from IIF for an amount of Rp. 157.5 billion. This facility is unsecured and matures on April 10, 2020. Under this facility agreement, the Parent Guarantor is required to comply with the following financial covenants: (i) maintaining a debt to equity ratio not exceeding 3:1 and (ii) maintaining a minimum EBITDA to interest cost ratio of 1:1.

Pursuant to this agreement, unless otherwise waived by IIF, the Parent Guarantor is prohibited from (i) selling, transferring, or otherwise disposing of any receivables under the terms of the recourse, (ii) committing to any retention or ownership provisions, (iii) selling, leasing, transferring or otherwise disposing of any of its assets except for transfer of not exceeding 10% of the total fixed assets, transfer of assets between members of the Group (as defined in this facility agreement) for purposes of day-to-day activities, (iii) consolidating or merging with other companies, (iv) changing the Parent Guarantor's current business activities, (v) providing guarantees or being liable for any financial liability, whether contingent or otherwise, except for (1) accounts payable in the ordinary course of business, (2) guarantees which have been effective prior to this agreement, (3) any guarantee, security or encumbrance relating to the new loan facility for refinancing purposes, (4) any guarantee for the interest of the Parent Guarantor's subsidiaries, (5) any existing corporate guarantee, (6) any security or encumbrance in relation to the reserves based lending, (7) any corporate guarantee for the employees and/or employees cooperation (*koperasi*), (8) any security or encumbrance for financing in asset acquisitions.

Indebtedness with PT Bank DBS Indonesia ("DBS")

On December 28, 2017, the Parent Guarantor entered into a credit facility agreement with DBS for a maximum principal amount of US$50.0 million. This facility is unsecured and matures on December 28, 2021.

US$42.9 million was outstanding under this facility as of December 31, 2018.

Under this facility agreement, the Parent Guarantor is required to comply with the following financial covenants: (i) maintaining a fixed charge coverage ratio for any additional indebtedness of 2.5x before December 31, 2018 and 3x for December 31, 2018 and thereafter, and (ii) maintaining a net leverage ratio below 5x. Furthermore, certain actions taken by the Parent Guarantor require prior written consent from DBS, such as: (i) submitting an application for bankruptcy or any postponement of debt settlement, (ii) change of control or ownership as referred in 2022 Notes indenture, and (iii) change of nature of business under its articles of association.

Indebtedness with PT Bank HSBC Indonesia ("HSBC")

On August 6, 2018, the Parent Guarantor entered into a corporate credit facility agreement with HSBC, and utilized the revolving facility therein in the amount of US$20.0 million. This facility is unsecured and will mature on June 28, 2019.

US$20.0 million was outstanding under this facility as of December 31, 2018.

Pursuant to the facility agreement, the Parent Guarantor is required to (a) maintain a ratio of total consolidated indebtedness bearing interest to adjusted equity of not more than 3:1; and (b) maintain a ratio of EBITDA to net financing charges of not less than 1:1.

Domestic Bonds

Rupiah-Denominated Shelf Bonds II ("IDR Shelf Bonds II")

Phase I

On July 15, 2016, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds II Phase I with fixed interest rates in an aggregate amount of Rp. 1,250.0 billion ("IDR Shelf-Registered Bonds II Phase I of 2016").

The IDR Shelf-Registered Bonds II Phase I of 2016 comprises of two series:

(a) The Series A bonds in an aggregate amount of Rp. 327.0 billion bearing interest at a fixed rate of 10.8% per annum with a term of three years. The maturity date of Series A Bonds is July 15, 2019; and

(b) The Series B bonds in an aggregate amount of Rp. 923.0 billion bearing interest at a fixed rate of 11.3% per annum with a term of five years. The maturity date of Series B bonds is July 15, 2021.

IDR Shelf-Registered Bonds II Phase I of 2016 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase I of 2016 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions. IDR Shelf-Registered Bonds II Phase I of 2016 are unsecured.

Phase II

On September 30, 2016, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds II Phase II in an aggregate amount of Rp. 1,250.0 billion ("IDR Shelf-Registered Bonds II Phase II of 2016").

The IDR Shelf-Registered Bonds II Phase II of 2016 comprises of two series:

(a) The Series A bonds in an aggregate amount of Rp. 549.0 billion with a term of three years. The Series A bonds bear interest at a fixed rate of 10.8% per annum and matures on September 30, 2019; and

(b) The Series B bonds in an aggregate amount of Rp. 701.0 billion, with a term of five years. The Series B bonds bear interest at a fixed rate of 11.3% per annum and matures on September 30, 2021.

IDR Shelf-Registered Bonds II Phase II of 2016 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase II of 2016 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions. IDR Shelf-Registered Bonds II Phase II of 2016 are unsecured.

Phase III

On December 21, 2016, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds II Phase III in an aggregate amount of Rp. 274.0 billion ("IDR Shelf-Registered Bonds II Phase III of 2016").

IDR Shelf-Registered Bonds II Phase III of 2016 comprises of three series:

(a) The Series A bonds in an aggregate amount of Rp. 246.0 billion with a term of three years. The Series A bonds bear interest at a fixed rate of 10.8% per annum and matures on December 21, 2019;

(b) The Series B bonds in an aggregate amount of Rp. 5.0 billion with a term of five years. The Series B bonds bear interest at a fixed rate of 11.3% per annum and matures on December 21, 2021; and

(c) The Series C bonds in an aggregate amount of Rp. 23.0 billion with a term of seven years. The Series C bonds bear interest at a fixed rate of 11.8% per annum and matures on December 21, 2023.

IDR Shelf-Registered Bonds II Phase III of 2016 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase III of 2016 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions. IDR Shelf-Registered Bonds II Phase III of 2016 are unsecured.

Phase IV

On March 30, 2017, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds II Phase IV in an aggregate amount of Rp. 388.0 billion ("IDR Shelf-Registered Bonds II Phase IV of 2017").

IDR Shelf-Registered Bonds II Phase IV of 2017 comprises of three series:

(a) The Series A bonds in an aggregate amount of Rp. 380.0 billion with a term of three years. The Series A bonds bear interest at a fixed rate of 10.8% per annum and matures on March 30, 2020;

(b) The Series B bonds in an aggregate amount of Rp. 1.0 billion with a term of five years. The Series B bonds bear interest at a fixed rate of 11.3% per annum and matures on March 30, 2022; and

(c) The Series C bonds in an aggregate amount of Rp. 7.0 billion with a term of seven years. The Series C bonds bear interest at a fixed rate of 11.8% per annum and matures on March 30, 2024.

IDR Shelf-Registered Bonds II Phase IV of 2017 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase IV of 2017 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions. IDR Shelf-Registered Bonds II Phase IV of 2017 are unsecured.

Phase V

On June 14, 2017, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds II Phase V in an aggregate amount of Rp. 1,271.5 billion ("IDR Shelf-Registered Bonds II Phase V of 2017").

IDR Shelf-Registered Bonds II Phase V of 2017 comprises of the following series:

(a) The Series A bonds in an aggregate amount of Rp. 248.5 billion with a term of one year bear interest at a fixed rate of 8.75% per annum was fully paid on June 24, 2018;

(b) The Series B bonds in an aggregate amount of Rp. 269.5 billion with a term of three years. The Series B bonds bear interest at a fixed rate of 10.8% per annum and matures on June 14, 2020; and

(c) The Series C bonds in an aggregate amount of Rp. 753.5 billion with a term of five years. The Series C bonds bear interest at a fixed rate of 11.3% per annum and matures on June 14, 2022.

IDR Shelf-Registered Bonds II Phase V of 2017 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase V of 2017 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions. IDR Shelf Bonds II Phase V of 2017 are unsecured.

The Series A bonds for the IDR Shelf-Registered Bonds II Phase V of 2017 were repaid in June 2018.

Phase VI

On September 28, 2017, the Parent Guarantor issued Rupiah–denominated Shelf-Registered Bonds II Phase VI in an aggregate amount of Rp. 566.5 billion ("IDR Shelf-Registered Bonds II Phase VI of 2017").

The IDR Shelf-Registered Bonds II Phase VI of 2017 comprises of two series:

(a) The Series A bonds in an aggregate amount of Rp. 415 billion with a term of three and a half years. The Series A bonds bear interest at a fixed rate of 10.30% per annum and mature on March 28, 2021; and

(b) The Series B bonds in an aggregate amount of Rp. 151.5 billion with a term of five years. The Series B bonds bear interest at a fixed rate of 10.8% per annum and matures on September 28, 2022.

The IDR Shelf-Registered Bonds II Phase VI of 2017 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds II Phase VI of 2017 were used for capital expenditures, including in connection with future asset acquisitions. The IDR Shelf Bonds II Phase VI of 2017 are unsecured.

Rupiah-Denominated Shelf Bonds III ("IDR Shelf Bonds III")

Phase I

On March 29, 2018, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds III Phase I with fixed interest rates in an aggregate amount of Rp. 500.0 billion ("IDR Shelf-Registered Bonds III Phase I of 2018").

The IDR Shelf-Registered Bonds III Phase I of 2018 are comprised of two series:

(a) The Series A bonds in an aggregate amount of Rp. 282.5 billion bearing interest at a fixed rate of 8.75% per annum with a term of three years. The maturity date of Series A Bonds is March 29, 2021; and

(b) The Series B bonds in an aggregate amount of Rp. 217.5 billion bearing interest at a fixed rate of 9.15% per annum with a term of five years. The maturity date of Series B bonds is March 29, 2023.

The IDR Shelf-Registered Bonds III Phase I of 2018 are listed on the Indonesian Stock Exchange with Bank Mega as the trustee. The net proceeds of IDR Shelf-Registered Bonds III Phase I of 2018 were used to refinance part of Parent Guarantor's debt from PT Bank Negara Indonesia (Persero) Tbk with a total facility of US$100 million and from PT Bank Mandiri (Persero) Tbk with a total facility of US$85 million. IDR Shelf-Registered Bonds III Phase I of 2018 are unsecured.

Phase II

On September 28, 2018, the Parent Guarantor issued Rupiah-denominated Shelf-Registered Bonds III Phase II in an aggregate amount of Rp. 1,202.7 billion ("IDR Shelf-Registered Bonds III Phase II of 2018").

The IDR Shelf-Registered Bonds III Phase II of 2018 are comprised of two series:

(a) The Series A bonds in an aggregate amount of Rp. 1,155.2 billion with a term of three years. The Series A bonds bear interest at a fixed rate of 10.0% per annum and mature on September 28, 2021; and

(b) The Series B bonds in an aggregate amount of Rp. 47.5 billion, with a term of five years. The Series B bonds bear interest at a fixed rate of 10.75% per annum and mature on September 28, 2023.

IDR Shelf-Registered Bonds III Phase II of 2018 are listed on the Indonesian Stock Exchange with PT Bank Rakyat Indonesia Tbk as the trustee. The net proceeds of IDR Shelf-Registered Bonds III Phase II of 2018 were used to refinance Parent Guarantor's debt. IDR Shelf-Registered Bonds III Phase II of 2018 are unsecured.

Restrictions Pursuant to Existing Domestic Bonds

The IDR Shelf Bonds II and IDR Shelf Bonds III are collectively referred to as "Existing Domestic Bonds" and individually as "Existing Domestic Bond." Under the Existing Domestic Bonds, without prior written consent from the trustee, the Parent Guarantor is prohibited from:

(i) merging or consolidating with or acquiring other companies which may cause dissolution of the Parent Guarantor or have a negative effect to the business of the Parent Guarantor, except as required by the prevailing laws and regulations or court or other governmental authorities decisions;

(ii) reducing its authorized capital, issued capital or paid up capital;

(iii) providing security over or encumbering any of the Parent Guarantor's assets, including any of the Parent Guarantor's right to future revenue, which exists now or in the future, except for (a) security or encumbrance to secure the repayment of the outstanding amount under the Existing Domestic Bond or the trustee agreement or issuance agreement, (b) security or encumbrance of asset(s) which has been effective or notified to the trustee or monitoring agent (as applicable) prior to the signing of the trustee agreement or issuance agreement, (c) security or encumbrance relating to the new loan facility replacing the portion of the existing loan facility (refinancing) secured by asset(s) on the same value and category, (d) security or encumbrance which has been provided prior to merger, consolidation, or acquisition as specified under point (i) above; (e) security or encumbrance required for the purpose of the ordinary course (day-to-day basis) of business activity of the Parent Guarantor to obtain, among others, bank guarantee, letter of credit and working capital of the Parent Guarantor, provided that the secured indebtedness does not breach the financial covenants relating to the Parent Guarantor's consolidated financial statement, (f) security or encumbrance for the purpose of project financing, provided that the secured fixed assets are related to such project, and the financing of such project has limited recourse in nature; (g) security or encumbrance for the purpose of acquisition financing, provided that the secured assets are the acquired assets and/or the term of the Parent Guarantor's corporate guarantee covers the same time period with the term of such acquisition financing; (h) security or encumbrance for the purpose of Reserve Based Lending (RBL); (i) providing security or encumbrance of the Parent Guarantor's shares in affiliated party(ies) of the Parent Guarantors, which in aggregate shall not exceed 10% (ten percent) of the Parent Guarantor's equity based on the latest consolidated financial statement audited by an independent auditor;

(iv) providing loan or corporate guarantee to a third party, except for (a) any loan or corporate guarantee which has existed prior to the execution of the trustee agreement or issuance agreement, (b) any loan or corporate guarantee to the Parent Guarantor's employee or to employee's cooperative and/or foundation having programs for employee's welfare improvement and development of small enterprise and cooperative in line with the government's policy; (c) any loan or guarantee for the benefit of its subsidiaries; (d) any loan or corporate guarantee (which are not Parent Guarantor's tangible assets), including but not limited to, corporate guarantee, undertaking, commitment, to the Parent Guarantor's affiliated company, provided such loan and corporate guarantee are negotiated at arm's length, and value of the loan or guarantee is not more than 10% (ten percent) of the Parent Guarantor's equity as stated in the latest Parent Guarantor's consolidated financial statements audited by an independent auditor registered in OJK. Specifically for DS LNG Project and/or Sarulla Project and/or Senoro Project (as applicable), maximum loan or corporate guarantee shall not exceed US$300.0 million (three hundred million United States dollars) and shall be valid up until the commercial operation date of such project(s); and (e) any ordinary advances, loan, or guarantee in relation to the Parent Guarantor's ordinary course of business activity;

(v) transferring the Parent Guarantor's fixed assets in a single transaction or series of transactions within the relevant book year which exceed 10% (ten percent) of the Parent Guarantor's total fixed assets, provided that the cumulative fixed assets to be transferred shall not exceed 25% (twenty five percent) of the Parent Guarantor's total fixed assets as stated in the latest annual audited financial statements during the period of the Existing Domestic Bond, except for (a) any transfer of the non-productive fixed assets, provided that the terms and conditions of such sale of non-productive assets do not jeopardize the Parent Guarantor's business operation; (b) any transfer of the Parent Guarantor's assets conducted specifically for the purpose of the Parent Guarantor's asset securitization, provided that the cumulative assets to be transferred shall not exceed 5% (five percent) of the Parent Guarantor's equity as stated in the latest annual audited financial statements during the period of the Existing Domestic Bond; (c) any transfer of the assets within the group of the Parent Guarantor (whether in a single transaction or series of transactions) which may not have a material adverse effect to the Parent Guarantor's business; (d) any transfer of assets of which proceeds from such transfer are reinvested to the Parent Guarantor's business operation and/or its subsidiaries or to repay the Parent Guarantor's or its subsidiaries' indebtedness, provided that (1) such indebtedness is not a subordinated indebtedness and shall not have a material adverse effect on the Parent Guarantor's debt obligation under the trustee agreement or issuance agreement, and (2) the proceeds from the transfer are reinvested to the Parent Guarantor's business within 365 days from such transfer;

(vi) changing the Parent Guarantor's line of business other than specified in its Articles of Association;

(vii) issuing a bond or other financial securities which are more senior than the Existing Domestic Bond through capital market, except for (a) any loan for the purpose of financing a project, provided that the financing is limited recourse and does not breach the financial covenants; and (b) any loan issued specifically for the purpose of assets securitization, provided that such loan and securitization does not breach the financial covenants;

(viii) filing for bankruptcy or suspension of payment by the Parent Guarantor so long as the existing bond or MTN principals and interests are outstanding;

(ix) distributing dividend to the Parent Guarantor's shareholders from the previous year's net consolidated profits which may cause the dividend pay-out ratio to be more than 50% (fifty percent); and

(x) distributing or declaring dividend to the Parent Guarantor's shareholders from the previous year net consolidated profits which may have a material adverse effect to the Parent Guarantor's capability in repaying the principals and interests of the Existing Domestic Bond or if any event of un-remedied default occurs and cannot be waived by all parties, including the holders of the Existing Domestic Bond.

Pursuant to the Existing Domestic Bonds, the Parent Guarantor is required to comply with the financial covenants relating to the consolidated financial statement, as follows:

(i) maintaining a ratio of the total consolidated indebtedness bearing interest to the adjusted equity of not more than 3:1; and

(ii) maintaining a ratio of EBITDA and net financing charges of not less than 1:1.

Redemption terms of the Existing Domestic Bonds

Generally, the Existing Domestic Bonds may be redeemed prior to each of its relevant maturity date by means of buyback one year after the allocation date of each relevant Existing Domestic Bonds and such buyback shall not result in any failure by the Parent Guarantor to comply with the requirements under the Existing Domestic Bonds. In performing the buyback, the Parent Guarantor shall consider the economic interest of such buyback.

Medium Term Notes

Medium Term Notes V

On November 15, 2016, the Parent Guarantor issued U.S. dollar-denominated Medium Term Notes V in the aggregate principal amount of US$55.0 million bearing interest at a fixed rate of 5.2% per annum with a term of three years and ("MTN V Phase I of 2016"). The MTN V Phase I of 2016 is not secured by a specific collateral and matures on November 15, 2019. PT DBS Vickers Indonesia acted as the arranger for this issuance and Bank Mega acted as the monitoring agent. The net proceeds of MTN V Phase I of 2016 were used to refinance Parent Guarantor's debt and for capital expenditures, including in connection with future asset acquisitions.

Medium Term Notes VI

On October 5, 2018, the Parent Guarantor issued U.S. dollar-denominated Medium Term Notes VI in the aggregate principal amount of US$67.2 million bearing interest at a fixed rate of 5.75% per annum with a term of three years and ("MTN VI of 2018"). The MTN VI of 2018 is not secured by a specific collateral and matures on October 5, 2021. PT DBS Vickers Indonesia acted as the arranger for this issuance and PT Bank Rakyat Indonesia (Persero) Tbk acted as the monitoring agent. The net proceeds of MTN VI of 2018 were used to refinance part of Parent Guarantor's debt.

Restrictions Pursuant to Existing Medium Term Notes

The MTN V Phase I of 2016 and MTN VI of 2018 collectively referred to as "Existing MTNs" and individually as "Existing MTN." Under the Existing MTNs, without prior written consent from the monitoring agent, the Parent Guarantor is prohibited from:

(i) merging or consolidating with or acquiring other companies which may cause dissolution of the Parent Guarantor or have a negative effect to the business of the Parent Guarantor, except as required by the prevailing laws and regulations or court or other governmental authorities decisions;

(ii) reducing its authorized capital, issued capital or paid up capital;

(iii) providing security over or encumbering any of the Parent Guarantor's assets, including any of the Parent Guarantor's right to future revenue, which exists now or in the future, except for (a) security or encumbrance to secure the repayment of the outstanding amount under the Existing MTN or issuance agreement, (b) security or encumbrance of asset(s) which has been effective or notified to the trustee or monitoring agent (as applicable) prior to the signing of the issuance agreement, (c) security or encumbrance relating to the new loan facility replacing the portion of the existing loan facility (refinancing) secured by asset(s) on the same value and category, (d) security or encumbrance which has been provided prior to merger, consolidation, or acquisition as specified under point (i) above; (e) security or encumbrance required for the purpose of the ordinary course (day-to-day basis) of business activity of the Parent Guarantor to obtain, among others, bank guarantee, letter of credit and working capital of the Parent Guarantor, provided that the secured indebtedness does not breach the financial covenants relating to the Parent Guarantor's consolidated financial statement, (f) security or encumbrance for the purpose of project financing, provided that the secured fixed assets are related to such project, and the financing of such project has limited recourse in nature; (g) security or encumbrance for the purpose of acquisition financing, provided that the secured assets are the acquired assets and/or the term of the Parent Guarantor's corporate guarantee in line with the period of such acquisition financing; (h) security or encumbrance for the purpose of Reserve Based Lending (RBL); (i) security or encumbrances of shares owned by the Parent Guarantor in the Parent Guarantor's affiliated company, which amount is not more than 10% (ten percent) of the Parent Guarantor's equity as stated in the latest Parent Guarantor's consolidated financial statements audited by an independent auditor.

(iv) providing a loan or corporate guarantee to a third party, except for (a) any loan or corporate guarantee which has existed prior to the execution of the issuance agreement, (b) any loan or corporate

guarantee to the Parent Guarantor's employee or to employee's cooperative and/or foundation having programs for employee's welfare improvement and development of small enterprise and cooperative in line with the government's policy; (c) any loan or guarantee for the benefit of its subsidiaries; (d) any loan or corporate guarantee (which are not Parent Guarantor's tangible assets), including but not limited to, corporate guarantee, undertaking, commitment, to the Parent Guarantor's affiliated company, provided such loan and corporate guarantee are negotiated at arm's length, and value of the loan or guarantee is not more than 10% (ten percent) of the Parent Guarantor's equity as stated in the latest Parent Guarantor's consolidated financial statements audited by an independent auditor registered in OJK. Specifically for DS LNG Project and/or Sarulla Project and/or Senoro Project (as applicable), maximum loan or corporate guarantee shall not exceed US$300.0 million (three hundred million United States dollars) and shall be valid up until the commercial operation date of such project(s); and (e) any ordinary advances, loan, or guarantee in relation to the Parent Guarantor's ordinary course of business activity;

(v) transferring the Parent Guarantor's fixed assets in a single transaction or series of transactions within the relevant book year which exceed 10% (ten percent) of the Parent Guarantor's total fixed assets, provided that the cumulative fixed assets to be transferred shall not exceed 25% (twenty five percent) of the Parent Guarantor's total fixed assets as stated in the latest annual audited financial statements during the period of the Existing MTN, except for (a) any transfer of the non-productive fixed assets, provided that the terms and conditions of such sale of non-productive assets do not jeopardize the Parent Guarantor's business operation; (b) any transfer of the Parent Guarantor's assets specifically for the purpose of Parent Guarantor's asset securitization, provided that the cumulative assets to be transferred shall not exceed 5% (five percent) of the Parent Guarantor's equity as stated in the latest annual audited financial statements during the period of the Existing MTN; (c) any transfer of assets within the group of the Parent Guarantor (whether in a single transaction or series of transactions) which may not have a material adverse effect to the Parent Guarantor's business; (d) any transfer of the assets of which proceeds from such transfer are reinvested to the Parent Guarantor's business operation and/or its subsidiaries or to repay the Parent Guarantor's or its subsidiaries' indebtedness, provided that (1) such indebtedness is not a subordinated indebtedness and shall not have a material adverse effect on the Parent Guarantor's debt obligation under the issuance agreement, and (2) the proceeds from the transfer are reinvested to the Parent Guarantor's business within 365 days from such transfer;

(vi) changing the Parent Guarantor's line of business other than specified in its Articles of Association;

(vii) issuing an MTN or other financial securities which are more senior than the Existing MTN through capital market, except for (a) any loan for the purpose of financing a project, provided that the financing is limited recourse and does not breach the financial covenants; and (b) any loan issued specifically for the purpose of assets securitization, provided that such loan and securitization does not breach the financial covenants;

(viii) filing for bankruptcy or suspension of payment by the Parent Guarantor so long as the Existing MTN's principals and interests are outstanding;

(ix) distributing dividend to the Parent Guarantor's shareholders from the previous year's net consolidated profits which may cause the dividend pay-out ratio to be more than 50% (fifty percent); and

(x) distributing or declaring dividend to the Parent Guarantor's shareholders from the previous year net consolidated profits which may have a material adverse effect to the Parent Guarantor's capability in repaying the principals and interests of the Existing MTN or if any event of un-remedied default occurs and cannot be waived by all parties, including the holders of the Existing MTN.

Pursuant to the Existing MTNs, the Parent Guarantor is required to comply with the financial covenants relating to the consolidated financial statement, as follows:

(i) maintaining a ratio of the total consolidated indebtedness bearing interest to the adjusted equity of not more than 3:1; and

(ii) maintaining a ratio of EBITDA and net financing charges of not less than 1:1.

Subsidiaries Indebtedness

Our subsidiaries' indebtedness bears interest in the range of 5.96%-8.50%.

PT Medco E&P Tomori Sulawesi and PT Medco E&P Malaka Indebtedness

On October 19, 2018, PT Medco E&P Tomori Sulawesi and PT Medco E&P Malaka as the "Original Borrowers" entered into a senior secured term loan facility agreement with (among others) Australia and New Zealand Banking Group Limited, ING Bank N.V., Singapore Branch and Societe Generale, Singapore Branch, collectively as mandated lead arrangers, for a US$500 million term loan facility (the "2018 Senoro / Malaka Facility"). As the guarantor and an obligor under the 2018 Senoro / Malaka Facility, the Parent Guarantor is required to comply with certain financial covenants. The Parent Guarantor will be released from all its obligations under the 2018 Senoro / Malaka Facility upon occurrence of the Block A Completion Date as such term is defined in the 2018 Senoro / Malaka Facility The Completion Date has not yet occurred. The 2018 Senoro / Malaka Facility imposes certain restrictions on PT Medco E&P Tomori Sulawesi and PT Medco E&P Malaka, including, among other things, limitations on the disposal of assets and limitations on incurring or creating guarantees or indemnity in respect of another's obligations. These limitations include limitations on PT Medco E&P Tomori Sulawesi and PT Medco E&P Malaka from paying dividends, making other distributions on its shares or capital stock, repaying loans or advances (including to the Parent Guarantor and its subsidiaries) and transferring any property or assets to other persons (including to the Parent Guarantor and its subsidiaries). The purpose of the 2018 Senoro / Malaka Facility is to refinance the Original Borrowers' debt and general corporate purposes of the Original Borrowers, among other things. The 2018 Senoro / Malaka Facility is secured by security over the shares in the Original Borrowers and security over certain assets of the Original Borrowers (including bank accounts, insurances, movable assets, receivables and hedging agreements).

Medco Strait Services Pte. Ltd. ("MSS") Indebtedness

Guaranteed Senior Notes Due 2022

In August 2017, MSS, wholly owned subsidiary of the Parent Guarantor incorporated in Singapore, issued US$400.0 million aggregate principal amount of guaranteed senior notes due 2022 (the "2022 Notes"), through an international placement in reliance on Rule 144A and Regulation S under the Securities Act. The 2022 Notes bear interest at a fixed rate of 8.50% per annum. The Parent Guarantor and certain of our subsidiaries (together, the "2022 Notes Guarantors") have jointly and severally guaranteed the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the 2022 Notes. As of December 31, 2018, the aggregate principal amount of 2022 Notes outstanding was US$400.0 million.

The indenture governing the 2022 Notes (the "2022 Notes Indenture") requires MSS, or certain affiliates of MSS, as applicable, to create an account containing an amount at least equal to one semi-annual interest payment on the 2022 Notes (the "2022 Notes Interest Reserve Account"). The 2022 Notes Indenture also requires MSS to establish an escrow account (the "2022 Notes Escrow Account") containing the net proceeds from the issue of the 2022 Notes, after deducting the funds used to fund the 2022 Notes Interest Reserve Accounts. Funds from the 2022 Notes Escrow Account may be released in accordance with the 2022 Notes Indenture and the escrow agreement governing the 2022 Notes Escrow Account.

The obligations of MSS and the 2022 Notes Guarantors under the 2022 Notes are secured on a first priority basis by a lien on certain collateral (the "2022 Notes Collateral"), which consists of:

- charges by the Parent Guarantor of the Capital Stock of MSS;
- a charge over all of MSS's rights in the 2022 Notes Interest Reserve Account;
- an assignment by MSS of its interest in and rights under certain intercompany loans; and
- a charge by MSS over the funds in the 2022 Notes Escrow Account.

The 2022 Notes are general obligations of MSS:

- are general obligations of MSS;
- are senior in right of payment to any existing future obligations of MSS expressly subordinated in right of payment to the 2022 Notes;
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated indebtedness of MSS (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- are guaranteed by the 2022 Notes Guarantors on an unsubordinated basis, subject to certain limitations described in the 2022 Notes Indenture;
- are effectively subordinated to the secured obligations of MSS to the extent of the value of the assets serving as security therefor (other than the 2022 Notes Collateral);
- are effectively subordinated to all existing and future obligations of each of the Parent Guarantor's
- present or future subsidiaries that are not 2022 Notes Guarantors; and
- are secured by the 2022 Notes Collateral.

The 2022 Notes contain covenants which require MSS, the Parent Guarantor and its restricted subsidiaries not to incur any indebtedness (subject to certain agreed exceptions) unless (i) no event of default has occurred and is continuing, (ii) the Fixed Charge Coverage Ratio (defined as the ratio of (1) aggregate Consolidated EBITDA (as defined in the 2022 Notes Indenture) for the most recent four fiscal quarters to (2) aggregate Consolidated Fixed Charges (as defined in the 2022 Notes Indenture) for the most recent four fiscal quarters) would not be less than (a) 2.50 to 1.0 with respect to any incurrence on or after the original issue date of the 2022 Notes and on or prior to December 31, 2018, (b) 3.00 to 1.0 with respect to any incurrence thereafter, (iii) the Net Leverage Ratio (defined as the ratio of (1) aggregate indebtedness (as defined in the 2022 Notes Indenture) of the Parent Guarantor and its restricted subsidiaries, less cash and Temporary Cash Investments (as defined in the 2022 Notes Indenture) to (2) aggregate consolidated EBITDA (as defined in the 2022 Notes Indenture) for the most recent four fiscal quarters) would not be greater than 5.0 to 1.0 with respect to any incurrence on or after July 1, 2018 and (iv) if such indebtedness constitutes Consolidated Priority Indebtedness (as defined in the 2022 Notes Indenture), such indebtedness constitutes Permitted Priority Indebtedness (as defined in the 2022 Notes Indenture).

Pursuant to the covenants in the 2022 Notes, MSS, the Parent Guarantor and its restricted subsidiaries may make certain restricted payments, including dividends, only if, subject to certain agreed exceptions: (i) the Parent Guarantor is able to incur indebtedness based on the conditions described above and (ii) such payment, together with the aggregate amount of all restricted payments since the original issue date of the 2022 Notes, are limited to an amount equal to the sum of, among other things, (a) 50% of the aggregate amount of consolidated net income (or, if its consolidated net income is a loss, minus 100.0% of such loss), accrued on a cumulative basis beginning on October 1, 2017 and ending on the last day of the most recently ended fiscal quarter prior to the proposed payment and (b) 100.0% of the aggregate net cash proceeds received by the Parent Guarantor from certain equity offerings and capital contributions since the issuance of the 2022 Notes; minus (c) amounts drawn under certain standby letters of credit and guarantees.

The 2022 Notes contain restrictive covenants which limit the ability of MSS, the Parent Guarantor and its restricted subsidiaries to, among other things:

- incur additional indebtedness and issue preferred stock;
- make investments or other specified restricted payments;
- declare dividends on capital stock, or purchase or redeem capital stock;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness;
- enter into transactions with equity holders or affiliates;
- create any lien;
- enter into sale and leaseback transactions;
- sell assets;
- engage in different business activities;
- enter into agreements that restrict certain agreed subsidiaries' ability to pay dividends and transfer
- assets or make intercompany loans; and
- effect a consolidation or merger.

The 2022 Notes Indenture provides for events of default which, if any of them occur, would permit or require the principal of, and accrued interest on, the 2022 Notes to become or to be declared due and payable.

MSS may redeem the 2022 Notes, in whole but not in part, at a price equal to 100.0% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption and certain additional amounts, if any, if certain changes in applicable tax law occur.

Upon a change of control, MSS is required to make an offer to purchase each holder's 2022 Notes at a price equal to 101.0% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Medco Platinum Road Pte. Ltd. ("MPR") Indebtedness

Guaranteed Senior Notes Due 2025

In January 2018, MPR, a wholly owned indirect subsidiary of the Parent Guarantor incorporated in Singapore, issued US$500.0 million aggregate principal amount of guaranteed senior notes due 2025 (the "2025 Notes"), through an international placement in reliance on Rule 144A and Regulation S under the Securities Act. The 2025 Notes bear interest at a fixed rate of 6.75% per annum. The Parent Guarantor and certain of our subsidiaries (together, the "2025 Notes Guarantors") have jointly and severally guaranteed the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the 2025 Notes. As of December 31, 2018, the aggregate principal amount of 2025 Notes outstanding was US$500.0 million.

The indenture governing the 2025 Notes (the "2025 Notes Indenture") requires MPR, or certain affiliates of MPR, as applicable, to create an account containing an amount at least equal to one semi-annual interest payment on the 2025 Notes (the "2025 Notes Interest Reserve Account"). The 2025 Notes Indenture also requires MPR to establish an escrow account (the "2025 Notes Escrow Account") containing the net proceeds from the issue of the 2025 Notes, after deducting the funds used to fund the 2025 Notes Interest Reserve Accounts. Funds from the 2025 Notes Escrow Account may be released in accordance with the 2025 Notes Indenture and the escrow agreement governing the 2025 Notes Escrow Account.

The obligations of MPR and the 2025 Notes Guarantors under the 2025 Notes are secured on a first priority basis by a lien on certain collateral (the "2025 Notes Collateral"), which consists of:

- charges by MSS of the Capital Stock of MPR;
- a charge over all of MPR's rights in the 2025 Notes Interest Reserve Account;
- an assignment by MPR of its interest in and rights under certain intercompany loans; and
- a charge by MPR over the funds in the 2025 Notes Escrow Account.

The 2025 Notes:

- are general obligations of MPR;
- are senior in right of payment to any existing future obligations of MPR expressly subordinated in right of payment to the 2025 Notes;
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated indebtedness of MPR (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- are guaranteed by the 2025 Notes Guarantors on an unsubordinated basis, subject to certain limitations described in the 2025 Notes Indenture;
- are effectively subordinated to the secured obligations of MPR to the extent of the value of the assets serving as security therefor (other than the 2025 Notes Collateral);
- are effectively subordinated to all existing and future obligations of each of the Parent Guarantor's present or future subsidiaries that are not 2025 Notes Guarantors; and
- are secured by the 2025 Notes Collateral.

The 2025 Notes contain covenants which require MPR, the Parent Guarantor and its restricted subsidiaries not to incur any indebtedness (subject to certain agreed exceptions) unless (i) no event of default has occurred and is continuing, (ii) the Fixed Charge Coverage Ratio (defined as the ratio of (1) aggregate Consolidated EBITDA (as defined in the 2025 Notes Indenture) for the most recent four fiscal quarters to (2) aggregate Consolidated Fixed Charges (as defined in the 2025 Notes Indenture) for the most recent four fiscal quarters) would not be less than (a) 2.50 to 1.0 with respect to any incurrence on or after the original issue date of the 2025 Notes and on or prior to December 31, 2018, (b) 3.00 to 1.0 with respect to any incurrence thereafter, (iii) the Net Leverage Ratio (defined as the ratio of (1) aggregate indebtedness (as defined in the 2025 Notes Indenture) of the Parent Guarantor and its restricted subsidiaries, less cash and Temporary Cash Investments (as defined in the 2025 Notes Indenture) to (2) aggregate consolidated EBITDA (as defined in the 2025 Notes Indenture) for the most recent four fiscal quarters) would not be greater than 5.0 to 1.0 with respect to any incurrence on or after July 1, 2018 and (iv) if such indebtedness constitutes Consolidated Priority Indebtedness (as defined in the 2025 Notes Indenture), such indebtedness constitutes Permitted Priority Indebtedness (as defined in the 2025 Notes Indenture).

Pursuant to the covenants in the 2025 Notes, MPR, the Parent Guarantor and its restricted subsidiaries may make certain restricted payments, including dividends, only if, subject to certain agreed exceptions: (i) the Parent Guarantor is able to incur indebtedness based on the conditions described above and (ii) such payment, together with the aggregate amount of all restricted payments since the original issue date of the 2025 Notes, are limited to an amount equal to the sum of, among other things, (a) 50% of the aggregate amount of consolidated net income (or, if its consolidated net income is a loss, minus 100.0% of such loss), accrued on a cumulative basis beginning on March 1, 2018 and ending on the last day of the most recently ended fiscal quarter prior to the proposed payment and (b) 100.0% of the aggregate net cash proceeds received by the Parent Guarantor from certain equity offerings and capital contributions since the issuance of the 2025 Notes; minus (c) amounts drawn under certain standby letters of credit and guarantees.

The 2025 Notes contain restrictive covenants which limit the ability of MPR, the Parent Guarantor and its restricted subsidiaries to, among other things:

- incur additional indebtedness and issue preferred stock;
- make investments or other specified restricted payments;
- declare dividends on capital stock, or purchase or redeem capital stock;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness;
- enter into transactions with equity holders or affiliates;
- create any lien;
- enter into sale and leaseback transactions;
- sell assets;
- engage in different business activities;
- enter into agreements that restrict certain agreed subsidiaries' ability to pay dividends and transfer assets or make intercompany loans; and
- effect a consolidation or merger.

The 2025 Notes Indenture provides for events of default which, if any of them occur, would permit or require the principal of, and accrued interest on, the 2025 Notes to become or to be declared due and payable.

MPR may redeem the 2025 Notes, in whole but not in part, at a price equal to 100.0% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption and certain additional amounts, if any, if certain changes in applicable tax law occur.

Upon a change of control, MPR is required to make an offer to purchase each holder's 2025 Notes at a price equal to 101.0% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

MPI Indebtedness

The indebtedness of MPI and its subsidiaries bears interest at rates ranging from 4.08 to 7.83%.

a. Sarulla Geothermal Power Project

The Sarulla Geothermal Power Project, in which MPI has an 18.9975% interest, is financed in an amount of up to approximately US$1.17 billion (the "Sarulla Facility") by a consortium of lenders comprising Japan Bank for International Cooperation, Asian Development Bank in its own capacity and as implementing entity of the Clean Technology Fund and the Canadian Climate Fund, and a number of financial institutions. PT Medco Geopower Sarulla is one of five joint and several borrowers for the Sarulla Facility, the other four joint and several borrowers being owned by the other investors in the Sarulla Geothermal Power Project. As of December 31, 2018 the amount outstanding under the Sarulla Facility was US$423.4 million.

The Sarulla Facility will mature in 2034 and is secured by various assets of the Sarulla Geothermal Power Project. In connection with the Sarulla Facility, MPI has (i) provided security over its shares in PT Medco Geopower Sarulla and Sarulla Operations Limited, (ii) entered into an equity support deed in connection with the Sarulla Facility pursuant to which, among other things, MPI has committed to provide base equity and contingent equity contributions in an aggregate amount of up to US$84.8 million, and (iii) subordinated all loans made by MPI to PT Medco Geopower Sarulla and assigned those loans by way of security.

b. MUFG Bank, Ltd. ("MUFG") formerly known as The Bank of Tokyo-Mitsubishi UFJ, LTD.

On June 8, 2018 (as most recently amended on January 17, 2019), MPI signed a credit agreement with MUFG, where MUFG agreed to provide a committed credit facility ("MUFG Facility") to MPI in USD, provided that the principal amount of the MUFG Loan(s) may not exceed the facility limit of US$20 million. The MUFG Facility will mature on September 30, 2019 or the borrower's financial closing, whichever is earlier, and is secured with cash deposits and/or letters of credit from MPI and/or shareholders of MPI. As of December 31, 2018, the amount outstanding under the MUFG Facility was $20.0 million.

During the term of the MUFG Facility, MPI commits and agrees that as long as there are outstanding loans in any amount whatsoever that are unused or unpaid pursuant to the agreement, MPI will not, without MUFG's prior written consent: (i) sell, lease, transfer or otherwise dispose, except in the normal course of business; (ii) acquire any asset by purchasing, leasing or otherwise, except in the normal course of business; (iii) distribute or pay dividends to MPI's shareholders, except where are no events of defaults based on the agreement; (iv) merge or consolidate with any other party, or change its composition of capital, shareholders or their shareholdings, or make amendments to their Articles of Association that require the approval of the Minister of Law and Human Rights; or (v) act as a guarantor or perform any action with similar impact in connection with the obligations of any other third party whatsoever.

c. ING Bank N.V., Singapore Branch ("ING")

On July 27, 2017 (as most recently amended on January 4, 2019), MPI signed a credit agreement with ING, where ING agreed to provide to MPI a total facility/maximum limit of US$ 55 million ("ING Facility"). The ING Facility will mature on September 27, 2019. The ING Facility is secured with receivables and/or a corporate guarantee from MPI shareholders. As of December 31, 2018 the amount outstanding under the ING Facility was US$41.2 million

During the term of the ING Facility, MPI commits and agrees that as long as there are outstanding loans in any amount that are unused or unpaid pursuant to the agreement, MPI will not: (i) sell, lease, transfer or otherwise dispose any of MPI assets, except in the ordinary course of business, (ii) enter into any amalgamation, demerger, merger or corporate reconstruction, (iii) substantially change the general nature of the business of the obligors or the group, (iv) incur or permit to remain outstanding any financial indebtedness, (v) use the proceeds of any loan in violation of any money laundering laws or sanctions.

d. Rupiah-Denominated Bonds

On July 4, 2018, MPI issued Rupiah-denominated Bonds for a total amount of Rp. 600 billion ("IDR Bond I of 2018").

The IDR Bond I of 2018 are comprised of three series:

- The Series A bonds for a total amount of Rp. 279 billion with a term of three years. The Series A bonds & sukuk bear interest at a fixed rate of 9.75% per annum and mature on July 4, 2021;
- The Series B bonds for a total amount of Rp. 63 billion with a term of five years. The Series B bonds bear interest at a fixed rate of 10.25% per annum and mature on July 4, 2023; and
- The Series C bonds for a total amount of Rp. 258 billion with a term of seven years. The Series C bonds bear interest at a fixed rate of 10.75% per annum and mature on July 4, 2025.

The IDR Bond I of 2018 are listed on the Indonesian Stock Exchange with PT Bank Mega Tbk as the trustee. The net proceeds of IDR Bond I of 2018 were used to refinance the Rupiah-denominated debt of MPI's subsidiary and for capital expenditures for the Riau Project. IDR Bond I of 2018 is unsecured.

e. Rupiah-Denominated Sukuk Wakalah

On July 4, 2018, MPI issued is Rupiah-denominated sukuk for a total amount of Rp. 600 billion ("IDR Sukuk I of 2018").

The IDR Sukuk I of 2018 is comprised of three series:

- The Series A sukuk for a total amount of Rp. 153 billion with a term of three years. The Series A sukuk bears interest in the form of annual wakalah installments amounting to Rp. 14,917,500,000 per annum (or equivalent with 9.75% per annum) and matures on July 4, 2021;
- The Series B sukuk for a total amount of Rp. 404 billion with a term of five years. The Series B sukuk bears interest in the form of annual wakalah installments amounting to Rp. 41,410,000,000 per annum (equivalent to 10.25% per annum) and matures on July 4, 2023; and
- The Series C sukuk for a total amount of Rp. 43 billion with a term of seven years. The Series C sukuk bears interest in the form of annual wakalah installments amounting to Rp. 4,622,500,000 per annum (equivalent to 10.75% per annum) and matures on July 4, 2025.

The IDR Sukuk I of 2018 is listed on the Indonesian Stock Exchange with PT Bank Mega Tbk as the trustee. The net proceeds of IDR Sukuk I of 2018 were used to refinance MPI's subsidiaries Rupiah-denominated debt of MPI's subsidiary and for capital expenditures for the Riau & Ijen Project. The IDR Sukuk I of 2018 is unsecured.

ELB Indebtedness

PT Bank Syariah Mandiri ("BSM")

"Musyarakah Mutanaqisah"—Term Loan Facility

On December 30, 2016, ELB signed a credit agreement with BSM, where BSM agreed to provide a credit facility to ELB with a limit of US$51.0 million ("BSM Facility"). The term loan is payable in monthly installments payable on the 25th of each month. The facilities will mature on December 31, 2026. As of December 31, 2018, the amount outstanding under the BSM Facility was US$44.5 million.

"Kafalah bin Ujrah"—Non-Cash Loan Facility

On December 30, 2016, ELB signed a credit agreement with BSM, where BSM agreed to provide a non-cash loan facility to ELB with a limit of US$10.0 million. This facility will mature on December 31, 2026.

"***Musyarakah"—Working Capital Credit Facility***

On December 30, 2016, ELB signed a credit agreement with BSM, where BSM agreed to provide a working capital facility to ELB with a limit of US$4.0 million. This facility will mature on December 31, 2026.

The BSM Facility is secured by property, plant and equipment under an arrangement containing a lease, rights over receivables, shares of stock of ELB owned by PT Universal Batam Energy and PT Universal Gas Energy and a guarantee letter from MPI. The loan agreement requires ELB to obtain approval from PT Bank Syariah Mandiri before entering into certain transactions, which transactions include: (1) obtaining new loans or credit facilities from third parties, (2) any acquisition or merger, and (3) a transfer of collaterals. Under the loan agreement, ELB is required to maintain certain financial ratios which shall be calculated based on the financial statements as of the end of the year. PT Bank Syariah Mandiri also requires ELB to maintain several restricted bank accounts with PT Bank Syariah Mandiri with minimum balances as specified in the loan agreement. As of December 31, 2018 the amount outstanding under the BSM Facility was US$20.0 million.

During the term of this facility, ELB commits and agrees that as long as there are outstanding loans in any amount whatsoever that are unused or unpaid pursuant to the agreement, ELB will not, without banks' prior written consent, among others: (i) receive loan facility or other financial facility, whether for investment, working capital or leasing facility from banks or bind itself as guarantor to guarantee payment of loan of other party, which may cause ELB to violate its financial covenant ratio, (ii) sell, lease, transfer, or dispose its encumbered assets, (iii) conduct any merger, acquisition and transfer of ELB's shares, (iv) conduct business activities that don't relate to operational activities or business expansion or deduction that can affect ELB's ability to repay its debt, (v) files for bankruptcy, propose postpone debt repayment and liquidation, (vi) change the shareholding structures, the composition of its directors and commissioners, (vii) make loan repayment to the shareholders (unless ELB has fulfill the criteria on cash sweep mechanism) change its capital structure, except for certain capital injections, (viii) reassign guarantee that has been guaranteed, while the facility is not fully repaid, (ix) distribute dividend to its shareholders (unless ELB has fulfill the criteria a cash sweep mechanism).

MEG Indebtedness

On March 26, 2019 (as varied by a waiver letter dated April 22, 2019), MEG entered into a bridge credit agreement with the Parent Guarantor, Australia and New Zealand Banking Group Limited as administrative agent and lender for a US$105 million term loan facility (the "ANZ Bridge Facility"). The interim maturity date is July 1, 2019 with an ability for the loan to be extended with the approval of all the lenders and/or converted into extended term loans or exchange notes. The ANZ Bridge Facility is guaranteed by the Parent Guarantor and various subsidiary guarantors named therein and is unsecured. The ANZ Bridge Facility imposes certain obligations and restrictions on the Parent Guarantor and its restricted subsidiaries including certain financial covenants and restrictive covenants. The purpose of the ANZ Bridge Facility is to repay loans provided to PT Medco E&P Tomori Sulawesi and PT Medco E&P Malaka pursuant to the 2018 Senoro or Malaka Facility and associated costs.

DESCRIPTION OF THE NOTES

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Issuer, The Bank of New York Mellon, as trustee for the Holders of the Notes, and The Bank of New York Mellon, Singapore Branch, as collateral agent (the "Collateral Agent") and if the Scheme Effective Date has occurred on or prior to the Original Issue Date, the Initial Guarantors, in a transaction outside the United States and not subject to the registration requirements of the Securities Act. Holders of Notes will not be entitled to any registration rights. See "Transfer Restrictions."

This issuance of the Notes is expected to occur on or after the date that the court sanctions the Scheme of Arrangement and the delivery of a copy of the court order sanctioning the Scheme of Arrangement (the "Scheme Order") for the Acquisition to the Registrar of Companies of England and Wales (the "Scheme Effective Date"). Unless otherwise stated herein, this "Description of the Notes" assumes that the Notes are issued on or after the Scheme Effective Date. Nevertheless, subject to the escrow provisions described herein, the issuance of the Notes is not conditional on the Scheme Effective Date having occurred. If the Notes are issued prior to the Scheme Effective Date, the Initial Guarantors will not be parties to the Indenture and the Parent Guarantor and its Restricted Subsidiaries (other than the Issuer) will not be subject to any of the covenants set forth in the Indenture, in each case, until the Acquisition Escrow Release Date. On the Acquisition Escrow Release Date, the Initial Guarantors and the Trustee will enter into a supplemental indenture to the Indenture pursuant to which each of the Initial Guarantors will guarantee the Notes and become subject to the covenants set forth in the Indenture.

If the Notes are issued on or after the Scheme Effective Date, the net proceeds from the issuance of the Notes will be used to pay the consideration of, and fees and expenses relating to, the Acquisition and to fund the Interest Reserve Account (as defined below), and any remaining net proceeds will be placed in an escrow account (the "Escrow Account") in Singapore with Standard Chartered Bank, acting through its Singapore Branch (the "Account Bank") until released pursuant to an account bank agreement to be entered into between the Issuer and the Account Bank on or prior to the Original Issue Date to Refinance Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (including the Target and its Subsidiaries that are Restricted Subsidiaries) that is outstanding on the Original Issue Date (plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing). If the Notes are issued prior to the Scheme Effective Date, the net proceeds of this offering together with the Additional Contribution (as defined below) will be placed in the Escrow Account. If the Scheme Effective Date occurs after the Original Issue Date and on or prior to 11.59 p.m. (London time) on July 4, 2019 (the "Acquisition Deadline") or prior to certain other events occurring, the Account Bank will release sufficient funds from the Escrow Account, first, to pay the consideration of, and fees and expenses relating to, the Acquisition, second, to fund the Interest Reserve Account and third, to repay to the Issuer any remaining cash in the Escrow Account up to the amount of the Additional Contribution (plus any interest net of fees earned on funds in the Escrow Account through the time of such release). Any remaining funds in the Escrow Account will remain in the Escrow Account until released pursuant to the account bank agreement to Refinance Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (including the Target and its Subsidiaries that are Restricted Subsidiaries) that is outstanding on the date funds are released from the Escrow Account for the Acquisition (plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing). If the notes are issued prior to the Scheme Effective Date and the Scheme Effective Date does not occur on or prior to the Acquisition Deadline, or if certain other events occur earlier, the net proceeds and other cash in the Escrow Account will be released for a special mandatory redemption of the Notes.

The following is a summary of certain provisions of the Indenture, the Notes, the Guarantees and the Security Documents. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Guarantees and the Security Documents. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. We

urge you to read the Indenture and the Security Documents because they, and not this description, define your rights as a Holder. Copies of the Indenture and the Security Documents will be available for inspection on or after the Original Issue Date (other than any Security Documents to be entered into after the Original Issue Date which will be so available for inspection after they have been entered into) during normal office hours at the corporate trust office of the Trustee at 240 Greenwich Street, New York, NY 10286, United States of America.

Brief Description of the Notes

The Notes will:

- be general obligations of the Issuer;
- be senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all unsubordinated obligations of the Issuer (subject to any priority rights of such unsubordinated obligations pursuant to applicable law);
- be guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described below under the caption "—The Parent Guarantee", "—Subsidiary Guarantees" and in "Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral";
- be effectively subordinated to any secured obligations of the Issuer to the extent of the value of the assets serving as security therefor (other than the Collateral);
- be effectively subordinated to all existing and future obligations of any other Subsidiaries of the Parent Guarantor that are not Subsidiary Guarantors; and
- be secured by the Collateral as described below under "—Security."

The Notes will mature on May 14, 2026 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "—Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 7.375% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on May 14 and November 14 of each year (each an "Interest Payment Date"), commencing on November 14, 2019.

Interest on the Notes will be paid to Holders of record at the close of business on April 29 or October 30 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

Except as described under "Optional Redemption", "Redemption for Taxation Reasons" and "Escrow of Proceeds; Special Mandatory Redemption" and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day, then payment of principal, premium (if any) or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "—Book-Entry; Delivery and Form." No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the specified office of the Paying Agent located at 240 Greenwich Street, New York, NY 10286, United States of America, and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Issuer, payment of interest will be made by wire transfer or, if the Notes are in certificated form and the Issuer or any affiliate acts as the paying agent, payments may be made by checks mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the business day following payment thereof. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes including, in certain circumstances, an Opinion of Counsel. Holders will be required to pay all taxes due on transfer.

The Parent Guarantee

The Parent Guarantee will:

- be a general obligation of the Parent Guarantor;
- be effectively subordinated to secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor;
- be senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- rank at least *pari passu* in right of payment with all other unsubordinated obligations of the Parent Guarantor (subject to any priority rights of such unsubordinated obligations pursuant to applicable law);
- be effectively subordinated to all existing and future obligations of any Subsidiaries of the Parent Guarantor that are not Subsidiary Guarantors; and
- be secured by the Collateral as described below under "—Security."

Under the Indenture, the Parent Guarantor will guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, the Parent Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the Parent Guarantor without rendering the Parent Guarantee voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If the Parent Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the Parent Guarantor, and, depending on the amount of such Indebtedness, the Parent Guarantor's liability on the Parent Guarantee could be reduced to zero.

The Parent Guarantee will be granted on the Original Issue Date unless the Scheme Effective Date occurs after the Original Issue Date, in which case the Parent Guarantee will be granted on the Acquisition Escrow Release Date. Concurrently with the execution of the Indenture by the Parent Guarantor, or the entry into a supplemental indenture to the Indenture pursuant to which the Parent Guarantor will guarantee the Notes, the Parent Guarantor will also enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for the Parent Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes under the laws of Indonesia.

The obligations of the Parent Guarantor under the Parent Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws, which could impair the enforceability of the Guarantees."

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or
- upon a defeasance as described under "—Defeasance" or a discharge as described under "—Satisfaction and Discharge."

Subsidiary Guarantees

On the Original Issue Date, unless the Scheme Effective Date occurs after the Original Issue Date, in which case on the Acquisition Escrow Release Date, the following Subsidiaries of the Parent Guarantor will be Restricted Subsidiaries:

Oil & Gas E&P—Indonesia

PT Medco E&P Indonesia[1]
PT Medco E&P Simenggaris[1]
PT Medco E&P Malaka[2]
PT Medco E&P Tarakan[1]
PT Medco E&P Rimau[1]
PT Medco E&P Lematang[1]
PT Medco E&P Tomori Sulawesi[2]
PT Medco E&P Bengara[1]
PT Medco E&P Bangkannai[2][3]
Bangkanai Petroleum (L) Berhad[2][3]
PT Medco E&P Kampar[2][3]
PT Medco E&P Kalimantan[2][3]
PT Medco E&P Merangin[2][3]
PT Medco E&P Nunukan[2][3]
PT Medco E&P Sembakung[2][3]
PT Medco CBM Indonesia[2][3]
PT Medco CBM Sekayu[2][3]
PT Medco CBM Pendopo[2][3]
PT Medco CBM Bengara[2][3]
PT Medco CBM Lematang[2][3]
PT Medco CBM Rimau[2][3]

Oil & Gas E&P—International

Medco Strait Services Pte. Ltd.[1]
Petroleum Exploration & Production International Limited[1]
Medco Indonesia Holding B.V.[1]
Medco Lematang B.V.[1]
Lematang E&P Limited[1]
Fortico International Limited[2][3]
Medco South China SEA Pte. Ltd.[1]
Medco Natuna Pte. Ltd.[1]
Medco E&P Natuna Ltd.[1]
Medco Singapore Operations Pte. Ltd.[1]
Medco South Sokang B.V.[1]
Medco Petroleum Services Limited[2][3]
Medco Simenggaris Pty Limited[2][3]
Medco Madura Pty Limited[2][3]
Sulawesi E&P Limited[2][3]
Medco Far East Limited[2][3]
Medco Energi (BVI) Limited[2][3]
Kuala Langsa (Block A) Limited[2][3]
Far East Trading Limited[2][3]
Medco Energi Global Pte. Ltd.[1]
Medco International Ventures Limited[1]
Medco Arabia Ltd.[1]

Downstream
PT Medco Downstream Indonesia(2)(3)
PT Medco Services Indonesia(2)(3)
PT Medco LPG Kaji(2)(3)
PT Medco Methanol Bunyu(2)(3)
PT Medco Ethanol Lampung(2)(3)

Services
PT Exspan Petrogas Intranusa(2)
PT Api Metra Graha(2)

Trading
PT Medco Niaga Internasional(1)

Oil & Gas E&P—International
Medco Yemen Holding Limited(2)(3)
Medco Yemen Amed Limited(2)(3)
Medco Yemen Malik Limited(2)(3)
Medco International Services Pte. Ltd.(2)(3)
Medco International Petroleum LLC(2)(3)
Medco Tunisia Petroleum Limited(2)(3)
Medco Ventures International (Barbados) Limited(2)(3)
Medco Sahara Limited(2)(3)
Far East Energy Trading Pte. Ltd.(1)
Medco Asia Pacific Limited(2)(3)
Medco International Enterprise Ltd.(1)
Medco LLC(2)
Medco Energi USA, Inc.,(2)(3)
Medco Energi US, LLC(2)(3)
Medco Petroleum Management LLC(2)(3)

Financing
MEI Euro Finance Limited(2)(3)
Medco Oak Tree Pte. Ltd(2)
PT Medco Energi Nusantara(1)
Medco Platinum Road Pte. Ltd.(2)

Notes:
(1) Subsidiary Guarantor.
(2) Restricted Subsidiary but not to be Subsidiary Guarantor.
(3) Dormant Subsidiary.

On the Original Issue Date, the following Subsidiaries of the Parent Guarantor will be Unrestricted Subsidiaries.

LNG
PT Medco LNG Indonesia

Security Services
PT Medco Sarana Balaraja
PT Musi Raksa Buminasa
PT Satria Raksa Buminusa
PT Mahakam Raksa Buminusa

Pipeline Transport Services
PT Mitra Energi Gas Sumatra

Power
PT Medco Power Internasional
PT Medco Power Generation Indonesia
PT Medco Java Power
PT Medco Power Indonesia
PT Mitra Energi Batam
PT Medco Energi Menamas
PT Dalle Energy Batam
PT TJB Power Services
PT Medco General Power Services
PT Dalle Panaran
PT Indo Medco Power
PT Medco Power Sumatera
PT Medco Geothermal Indonesia
PT Medco Cahaya Geothermal
PT Muara Enim Multi Power
PT Medco Geothermal Sarulla
PT Medco Geopower Sarulla
PT Universal Batam Energy
PT Energi Listrik Batam
PT Multidaya Prima Elektrindo
PT Energi Prima Elektrika
PT Sangsaka Agro Lestari
PT Sangsaka Hidro Lestari

PT Bio Jatropha Indonesia
PT Sangsaka Hidro Selatan
PT Sangsaka Hidro Kasmar
PT Sangsaka Hidro Cisereuh
PT Sangsaka Hidro Patikala Lima
PT Sangsaka Hidro Baliase
PT Pembangkitan Pusaka Parahiangan Indonesia
PT Medco Hidro Indonesia
PT Sangsaka Hidro Barat
PT Nawakara Energi Sumpur
PT Medco Geothermal Nusantara
PT Medco Ratch Power Riau
PT Medco Power Sentral Sumatera
PT Medco Power Service Indonesia

Each of the Restricted Subsidiaries (other than the Issuer, the Target and its Subsidiaries, and the initial Excluded Subsidiaries (the initial "Non-Guarantor Restricted Subsidiaries")) will be the initial Subsidiary Guarantors. The Parent Guarantor will cause each of its future Restricted Subsidiaries which are not Excluded Subsidiaries, within 30 days of becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes. Notwithstanding the foregoing, the Parent Guarantor will only be required to cause Target and its Restricted Subsidiaries, which become Restricted Subsidiaries of the Parent Guarantor in connection with the Acquisition (other than any Excluded Subsidiaries and any such Subsidiaries that cease to be Restricted Subsidiaries within 30 days of consummation of the Acquisition) to guarantee the payment of the Notes within 30 days of consummation of the Acquisition.

The following table sets forth certain information regarding the restricted and unrestricted subsidiaries group and the Initial Guarantor and non-Initial Guarantor group as of and for the year ended December 31, 2018. The following figures (other than the figures in first column relating to the Parent Guarantor and its Subsidiaries) are unaudited, not consolidated and accordingly are not comparable with the consolidated financial information included elsewhere in this Offering Circular. The eliminations specified below do not include all eliminations or adjustments that would have been made if the figures were consolidated.

	As of December 31, 2018, and for the year then ended				
	Parent Guarantor and its Subsidiaries[1] (consolidated)	**Parent Guarantor and Restricted Subsidiaries[2] (non-consolidated)**	**Unrestricted Subsidiaries[2] (non-consolidated)**	**Restricted Subsidiaries that are not Initial Guarantors[2] (non-consolidated)**	**Parent Guarantor and the Initial Guarantors[2] (non-consolidated)**
			(in US$ million)		
Assets	5,252.4	4,270.0	1,227.4	2,004.2	2,265.8
Intercompany receivables within the Group[3]	—	7,346.5	135.6	705.1	6,641.4
Investment in shares within the Group[3]	—	1,768.2	187.4	266.4	1,501.9
Total Assets	**5,252.4**	**13,384.7**	**1,550.5**	**2,975.6**	**10,409.0**
Liabilities	3,865.1	3,108.3	728.0	1,379.8	1,728.5
Intercompany payables within the Group[3]	—	7,233.3	292.4	1,173.4	6,059.8
Total Liabilities	**3,865.1**	**10,341.6**	**1,020.4**	**2,553.2**	**7,788.4**
Total Equity	**1,387.3**	**3,043.1**	**530.1**	**422.4**	**2,620.6**
Profit for the year from continuing operations	**2.4**	**109.2**	**23.7**	**97.9**	**11.4**

Notes:

(1) These figures are derived from the audited consolidated financial statements of the Company as of and for the year ended December 31, 2018.

(2) These figures are unaudited, not consolidated and accordingly are not comparable with the consolidated financial information included elsewhere in this Offering Circular. These figures were derived from the relevant balances from the financial statements of the relevant subsidiaries and do not otherwise take account of intercompany eliminations or other adjustments that would have been made if the figures were consolidated.

(3) These figures are to be eliminated at the consolidation level and do not include all eliminations or adjustments that would have been made if the relevant figures were consolidated.

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor (other than the Collateral);
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least *pari passu* in right of payment with all other unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and
- be secured by the Collateral as described below under "—Security"

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes. The Subsidiary Guarantors will (1) agree

that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The initial Subsidiary Guarantees will be granted on the Original Issue Date unless the Scheme Effective Date occurs after the Original Issue Date in which case the Subsidiary Guarantees will be granted on the Acquisition Escrow Release Date. Concurrently with the execution of a Subsidiary Guarantee, each Subsidiary Guarantor incorporated in the Republic of Indonesia will enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for such Subsidiary Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture under the laws of Indonesia.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance, unfair preference or similar laws, which could impair the enforceability of the Guarantees."

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "—Defeasance" or a discharge as described under "—Satisfaction and Discharge";
- upon the designation by the Parent Guarantor of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale, merger, consolidation, transfer, winding up, conveyance or other disposition of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants described under the captions "—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "—Certain Covenants—Limitation on Asset Sales" and "—Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Parent Guarantor's other Indebtedness or any Indebtedness of any other Restricted Subsidiary.

Under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Parent Guarantor will be permitted to designate certain of its

Subsidiaries as "Unrestricted Subsidiaries." The Parent Guarantor's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Parent Guarantor's Unrestricted Subsidiaries will not guarantee the Notes.

As of December 31, 2018, the Parent Guarantor and its Restricted Subsidiaries had US$2,215.0 million of consolidated indebtedness outstanding, of which US$453.0 million was secured.

Security

The obligations of the Issuer and the Guarantors under the Notes, the Guarantees and the Indenture will be secured on a first priority basis (subject to Permitted Liens) by a Lien on the collateral which shall initially consist of:

(1) a charge by Medco Strait Services Pte. Ltd. ("MSS") of all the Capital Stock of the Issuer (which Lien will be granted as an Acquisition Release Condition if the Original Issue Date is prior to the Scheme Effective Date, but otherwise on the Original Issue Date);

(2) a charge by the Issuer over all of its rights in the Interest Reserve Account (as defined below) (which charge will be granted on the Original Issue Date);

(3) an assignment by the Issuer of its lending interests in and rights under the Intercompany Loans (which assignment will be made on the Original Issue Date); and

(4) a charge by the Issuer over all of its rights in the Escrow Account (which charge will be granted on the Original Issue Date)

(collectively, the "Collateral").

The proceeds realizable from the Collateral that will secure the Notes, the Guarantees and the Indenture are unlikely to be sufficient to satisfy the Issuer's and the Guarantors' obligations under the Notes, the Guarantees and the Indenture, and the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See "—Release of Security" and "Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The value of the Collateral may not be sufficient to satisfy our obligations under the Notes."

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Guarantees. The Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

So long as no Default has occurred and is continuing, and subject to the terms of the Security Documents and the Indenture, the Issuer and the Parent Guarantor, as the case may be, will be entitled to exercise any and all voting rights and to receive, retain and use any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the Capital Stock constituting Collateral.

Interest Reserve Account

Prior to the Original Issue Date, the Issuer will establish an account (the "Interest Reserve Account") in Singapore with the Account Bank. If the Scheme Effective Date occurs (i) on or prior to the Original Issue Date, the Issuer will deposit funds into the Interest Reserve Account on such date or as soon as reasonably practicable thereafter; or (ii) after the Original Issue Date, following an Acquisition Release (as defined below) and in

accordance with the provisions under "—Escrow of Proceeds; Special Mandatory Redemption—Acquisition Escrowed Funds," the Escrow Agent will release a portion of the funds in the Escrow Account for deposit into the Interest Reserve Account. The total of all such deposits shall be an amount in cash equal to one (1) semi-annual interest payment under the Notes. Funds deposited in the Interest Reserve Account will be maintained in U.S. dollars and may only be invested, on the written instruction of the Parent Guarantor, in financial instruments specified in clauses (1), (2) and (5) of the definition of Temporary Cash Investment. From the time funds are first deposited in the Interest Reserve Account, the Issuer will at all times maintain an amount equal to one (1) semi-annual interest payment in the Interest Reserve Account with respect to the outstanding Notes. The Issuer may release funds held in the Interest Reserve Account which are in excess of the next semi-annual interest payment on the outstanding Notes.

If the Notes become due and payable following the occurrence of an Event of Default under the Notes, the funds remaining on deposit in the Interest Reserve Account shall be held solely to the order of the Collateral Agent for the benefit of the Holders and the Account Bank shall release such funds in the Interest Reserve Account at the direction of the Collateral Agent (acting upon the instruction of the Trustee), which shall apply such funds in accordance with the provisions of the Indenture and the Security Documents in and towards payment of the amount due under the Notes and the Indenture.

Funds remaining on deposit in the Interest Reserve Account will be applied to the payment of interest on the Notes, and any remaining balance shall be applied to the payment of premium and Additional Amounts, if any, due on the Notes on the final Stated Maturity of the Notes or any redemption date for redemption of all outstanding Notes, in each case for purposes of full or partial repayment of outstanding Notes.

Neither the Trustee nor the Collateral Agent shall be responsible or liable for monitoring the amount of funds to be maintained in the Interest Reserve Account or for ensuring that the Issuer or the Parent Guarantor withdraw funds from the Interest Account in accordance with the provisions of the Indenture, the agreement governing the Interest Reserve Account and the Security Documents.

Escrow of Proceeds; Special Mandatory Redemption

Excess Escrowed Funds

If the Original Issue Date occurs on or after the Scheme Effective Date, on the Original Issue Date (and, if so required by the applicable supplemental indenture or terms relating to such issuance, on any date on which any Additional Notes are issued under the Indenture) or as soon as reasonably practicable thereafter, an amount equal to the excess (if any) of (i) the net proceeds from the issuance of the Notes over (ii) the sum of the amounts required to pay the consideration of, and fees and expenses relating to, the Acquisition plus amounts used to fund the Interest Reserve Account (or, in the case of an issuance of Additional Notes, the amount (if any) specified as being required to be so deposited in the supplemental indenture or terms relating to such issuance), will be deposited into the Escrow Account. Prior to disbursement as described below, funds in the Escrow Account will be maintained in U.S. dollars and may only be invested, on the written instruction of the Issuer or Parent Guarantor, in financial instruments specified in clauses (1), (2) and (5) of the definition of Temporary Cash Investment. The Account Bank will deposit in the Escrow Account all interest, principal and premium payments from such Temporary Cash Investments received by the Issuer with respect to the funds in the Escrow Account. The amounts deposited in the Escrow Account pursuant to this paragraph, together with interest and other amounts paid on such deposits in the Escrow Account, collectively constitute the "*Excess Escrowed Funds*." The Issuer will provide the Trustee and the Account Bank with two business days' prior written notice of any request for release of Excess Escrowed Funds in the Escrow Account following which the Account Bank shall release the amounts requested to be released and the Issuer shall apply such funds to the Refinancing of Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (including the Target and its Subsidiaries that are Restricted Subsidiaries) that is outstanding on the Original Issue Date (plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing).

If the Notes become due and payable following the occurrence of an Event of Default under the Notes, the Excess Escrowed Funds remaining on deposit in the Escrow Account shall be held solely to the order of the Collateral Agent for the benefit of the Holders and the Account Bank shall release such Excess Escrowed Funds in the Escrow Account at the direction of the Collateral Agent (acting upon the instruction of the Trustee), which shall apply such funds in accordance with the provisions of the Indenture and the Security Documents in and towards payment of the amount due under the Notes and the Indenture. Neither the Trustee nor the Collateral Agent shall be responsible or liable for monitoring the amount of Excess Escrowed Funds to be maintained in the Escrow Account or for ensuring that the Issuer or the Parent Guarantor actually apply the funds withdrawn from the Escrow Account in accordance with the provisions of the Indenture, the account bank agreement and the Security Documents.

Acquisition Escrowed Funds

If the Original Issue Date occurs prior to the Scheme Effective Date, on the Original Issue Date or as soon as reasonably practicable thereafter, the Issuer will deposit in the Escrow Account the net proceeds of this offering and additional cash (such additional cash, the "Additional Contribution") such that the total amount on deposit at such time in the Escrow Account will be at least equal to the sum of (x) the aggregate offering price of the Notes, (y) a special mandatory redemption fee of 1.0% of the aggregate principal amount of the Notes, and (z) the amount of interest that would accrue on the Notes for the period from the Original Issue Date to, but excluding, the latest possible date for the Special Mandatory Redemption (being the 30th day following the Acquisition Deadline plus five (5) Business Days). Such amounts deposited in the Escrow Account, together with interest and other amounts paid on such deposits in the Escrow Account less amounts the Account Bank may deduct therefrom in accordance with the account bank agreement, collectively constitute the "*Acquisition Escrowed Funds*."

Prior to disbursement in connection with the Acquisition, Acquisition Escrowed Funds in the Escrow Account will be maintained in U.S. dollars and will accrue interest at a rate agreed from time to time between the Account Bank and the Issuer. The Account Bank will deposit in the Escrow Account all interest payable to the Issuer with respect to the Acquisition Escrowed Funds.

Prior to any Special Mandatory Redemption Event (as defined below), upon delivery of:

(1) an Officers' Certificate of the Issuer and the Parent Guarantor to the Trustee and the Collateral Agent at least two business days prior to the release of Acquisition Escrowed Funds certifying:

   (i) no Major Default is continuing under the Indenture or would result from the disbursement of Acquisition Escrowed Funds;

   (ii) the Scheme Order for the Acquisition has been delivered to the Registrar of Companies of England and Wales;

   (iii) upon the release of the Acquisition Escrowed Funds, the Acquisition Escrowed Funds will firstly be applied to pay the consideration of, and fees and expenses relating to, the Acquisition (including by way of deposit into an account to fund Option Consideration);

(2) one or more supplemental indentures to the Indenture to the Trustee, executed by each of the Initial Guarantors pursuant to which each of the Initial Guarantors will guarantee the Notes and become subject to the covenants set forth in the Indenture effective as of the release of the Acquisition Escrowed Funds to pay the consideration of, and fees and expenses relating to, the Acquisition, together with any certificates and opinions required under the Indenture for the Trustee to sign such supplemental indentures, and, for each Initial Guarantor incorporated in the Republic of Indonesia, a Deed of Guarantee governed by the laws of Indonesia which will provide for such Initial Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture under the laws of Indonesia;

(3) a charge by MSS of all the Capital Stock of the Issuer effective as of the release of the Acquisition Escrowed Funds to pay the consideration of, and fees and expenses relating to, the Acquisition; and

(4) a withdrawal request to the Account Bank under the account bank agreement signed by the Issuer and (solely to confirm the amount to be released and the account such funds are to be transferred to) Standard Chartered Bank, acting through its London Branch, as the Parent Guarantor's financial adviser (the "Financial Adviser"), requesting release of Acquisition Escrowed Funds and account details for such payments,

the Account Bank will release Acquisition Escrowed Funds in the amount specified in such withdrawal request as directed by the Issuer pursuant to the withdrawal request. Timely delivery of the Officers' Certificate, supplemental indenture, charge, withdrawal request and other instruments and documents referred to in clauses (1), (2), (3) and (4) above are referred to as the "*Acquisition Release Conditions*". A release of Acquisition Escrowed Funds upon satisfaction of the Acquisition Release Conditions is referred to as an "*Acquisition Release*."

If any of the following occurs prior to satisfaction of the Acquisition Release Conditions (each, a "Special Mandatory Redemption Event"):

(1) the Acquisition Deadline;

(2) 11:59 p.m. (London time) on the first Business Day after the Issuer, the Parent Guarantor and the Financial Adviser notify the Account Bank, the Trustee and the Collateral Agent in writing that twenty (20) days have passed since the date on which a Scheme Order is made;

(3) 11:59 p.m. (London time) on the date on which the Issuer, the Parent Guarantor and the Financial Adviser notify the Account Bank, the Trustee and the Collateral Agent in writing that fourteen (14) days have passed since the Scheme became effective or such later date specified or permitted by the Takeover Panel as the deadline for settlement;

(4) 11:59 p.m. (London time) on the date on which the Issuer, the Parent Guarantor and the Financial Adviser notify the Account Bank, the Trustee and the Collateral Agent in writing that the Scheme has lapsed, terminated or been withdrawn;

(5) 11:59 p.m. (London time) on the date on which the Issuer, the Parent Guarantor and the Financial Adviser notify the Account Bank, the Trustee and the Collateral Agent that the Target has become a direct or indirect Wholly-Owned Subsidiary of the Parent Guarantor and all sums due pursuant to, or in connection with the Acquisition and any surrender or cancellation of options or awards over Target Shares have been paid; or

(6) 11:59 p.m. (London time) on the first Business Day after the Issuer, the Parent Guarantor and the Financial Adviser notify the Account Bank, the Trustee and the Collateral Agent in writing that they do not expect the conditions to the release Acquisition Escrowed Funds to consummate the Acquisition will be satisfied,

the Acquisition Escrowed Funds remaining on deposit in the Escrow Account will be held solely to the order of the Collateral Agent for the benefit of the Holders and the Account Bank will release such funds in the Escrow Account at the direction of the Collateral Agent (acting upon the instruction of the Trustee), which will apply such funds in accordance with the provisions of the Indenture and the Security Documents in and towards payment of the amount due under the Notes and the Indenture in connection with a Special Mandatory Redemption (as defined below). The Issuer will promptly (and in any event, within five (5) Business Days after the occurrence of a Special Mandatory Redemption Event) deliver to the Trustee and the Collateral Agent a notice (and deliver such notice to holders of the Notes) to redeem after 30 days all of the Notes issued on the Original Issue Date (a "Special Mandatory Redemption"). The redemption price for the Special Mandatory Redemption will be 99.266% of the aggregate principal amount thereof (consisting of a redemption price of

98.266% of such principal amount of the Notes (equal to the aggregate offering price of such principal amount of the Notes) and a special mandatory redemption fee of 1.0% of the aggregate principal amount of such principal amount of the Notes) plus accrued and unpaid interest thereon to (but not including) the redemption date. The Account Bank will, within three Business Days of receipt of written payment instructions from the Collateral Agent (which the Collateral Agent shall give to the Account Bank within sufficient time to permit release of sufficient Acquisition Escrowed Funds to complete the Special Mandatory Redemption), release sufficient Acquisition Escrowed Funds to the Paying Agent to complete the Special Mandatory Redemption, following which, remaining Acquisition Escrowed Funds will cease to be held to the order of the Collateral Agent. The Account Bank will thereafter upon receipt of a withdrawal request of the Issuer release any remaining Acquisition Escrowed Funds to the Issuer.

The Issuer will provide the Trustee and the Account Bank with two business days' prior written notice of any request for release of Acquisition Escrowed Funds remaining in the Escrow Account following an Acquisition Release (which notice may be delivered up to two days prior to an Acquisition Release conditional upon an Acquisition Release occurring) following which, the Account Bank shall release remaining Acquisition Escrowed Funds:

(1) to fund the Interest Reserve Account; and, subsequently

(2) any remaining cash in the Escrow Account up to an amount not to exceed the Additional Contribution (plus any interest earned on Escrowed Funds through the time of such release).

Following release of sufficient Acquisition Escrowed Funds to satisfy the purposes in clauses (1) and (2) above, any remaining Acquisition Escrowed Funds will be deemed to be Excess Escrowed Funds and the Account Bank will hold and release any remaining funds in the Escrow Account in accordance with the provisions under "Escrow of Proceeds; Special Mandatory Redemption—Excess Escrowed Funds" for the Refinancing of Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (including the Target and its Subsidiaries that are Restricted Subsidiaries) that is outstanding on the Acquisition Escrow Release Date (plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing).

Notwithstanding the foregoing, if the Notes become due and payable following the occurrence of an Event of Default under the Notes, any Acquisition Escrowed Funds remaining on deposit in the Escrow Account following an Acquisition Release shall be held solely to the order of the Collateral Agent for the benefit of the Holders and the Account Bank shall release such Acquisition Escrowed Funds in the Escrow Account at the direction of the Collateral Agent (acting upon the instruction of the Trustee), which shall apply such funds in accordance with the provisions of the Indenture and the Security Documents in and towards payment of the amount due under the Notes and the Indenture. Neither Trustee nor the Collateral Agent shall be responsible or liable for monitoring the amount of Acquisition Escrowed Funds to be maintained in the Escrow Account or for ensuring that the Issuer or the Parent Guarantor actually apply the funds withdrawn from the Escrow Account in accordance with the provisions of the Indenture, the account bank agreement and the Security Documents.

Brief Description of the Intercompany Loans

Any payment of the consideration of, and fees and expenses relating to, the Acquisition (including by way of deposit into an account to fund Option Consideration) will be effected by the Issuer lending such funds to Medco Energi Global Pte. Ltd. pursuant to an Intercompany Loan. Medco Energi Global Pte. Ltd. will use the amounts received pursuant to the Intercompany Loans as described under "Use of Proceeds". Upon withdrawal of any Excess Escrowed Funds from the Escrow Account to Refinance Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (plus premiums, accrued interest, fees, defeasance costs and expenses of such Refinancing) as set forth above under "Escrow of Proceeds; Special Mandatory Redemption—Excess Escrowed Funds", the Issuer will lend such funds to the Parent Guarantor or another Restricted Subsidiary pursuant to an Intercompany Loan, and thereafter such funds shall be (to the extent necessary) advanced or contributed, directly or indirectly, to the applicable borrower of such Indebtedness which will use such amounts as described under "Use of Proceeds".

The Intercompany Loans will rank equal in right of payment to all existing and future senior unsecured, unsubordinated obligations of Medco Energi Global Pte. Ltd. or the Parent Guarantor or the applicable Restricted Subsidiary. The Indenture also provides for limitations on amendments to the Intercompany Loans. See "—Amendments to or Prepayments of Intercompany Loans."

Enforcement of Security

The first-priority Liens (subject to any Permitted Lien) securing the Notes, the Parent Guarantee of the Parent Guarantor and the Subsidiary Guarantees of the Subsidiary Guarantors will be granted to the Collateral Agent. The Bank of New York Mellon, Singapore Branch will act as the initial Collateral Agent under the Security Documents entered into on the Original Issue Date and, if applicable, the Acquisition Escrow Release Date. The Collateral Agent will hold such Liens over the Collateral granted pursuant to the Security Documents with sole authority as directed by the written instructions of the Trustee (acting on the written direction of the Holders) to exercise remedies under the Security Documents and subject to receipt of security and/or indemnity and/or pre-funding satisfactory to it. The Collateral Agent has agreed to act as secured party under the applicable Security Documents on behalf of the Holders, to follow the instructions provided to it under the Indenture and the Security Documents, and to carry out certain other duties. The Trustee will give instructions to the Collateral Agent by itself or in accordance with instructions it receives from the Holders under the Indenture.

The Indenture and/or the Security Documents principally provide that, at any time while the Notes are outstanding, the Collateral Agent has the right to perform and enforce the terms of the Security Documents relating to the Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to its direction, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture or, in the case of the Acquisition Escrowed Funds prior to an Acquisition Release, following the occurrence of a Special Mandatory Redemption Event.

All payments received and all amounts held by the Collateral Agent in respect of the Collateral under the Security Documents will be applied as follows:

first, to the Collateral Agent to the extent necessary to reimburse the Collateral Agent, its agents, delegates and any receivers, for any fees and expenses (including properly incurred fees and expenses of its counsel) incurred in connection with the collection or distribution of such amounts held or realized or in connection with expenses incurred in enforcing all available remedies under the Security Documents and preserving the Collateral and all amounts for which the Collateral Agent, its agents, delegates and any receivers, is entitled to payment or indemnification under the Indenture and the Security Documents;

second, to the Trustee to the extent necessary to reimburse the Trustee, the Agents and their respective agents, delegates and any receivers for any expenses (including properly incurred fees and expenses of its counsel) incurred in connection with the Indenture and in connection with the collection or distribution of such amounts held or realized or in connection with the fees, costs and expenses incurred in enforcing all available remedies under the Security Documents and preserving the Collateral and all amounts for which the Trustee, the Agents and their respective agents, delegates and any receivers are entitled to payment or indemnification under the Indenture and the Security Documents;

third, to the Trustee for the benefit of the Holders; and

fourth, any surplus remaining after such payments will be paid to the Issuer or the Parent Guarantor or to whomever may be lawfully entitled thereto.

The Collateral Agent will not be required to expend its own funds, foreclose on the Collateral or exercise remedies available if it does not receive indemnification and/or security and/or pre-funding to its satisfaction. In addition, the Collateral Agent's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of the Collateral

Agent's Liens on the Collateral. Neither the Trustee, the Collateral Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value, time or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness, adequacy or sufficiency of the Security Documents, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so. Nor will the Collateral Agent nor the Trustee be responsible for (i) the right or title of any person in or to, or the value of, or sufficiency of any part of the Collateral created by the Security Documents; (ii) the priority of any Lien on the Collateral created by the Security Documents; or (iii) the existence of any other Lien affecting any asset secured under a Security Document.

The Security Documents provide that the Issuer and the Parent Guarantor will indemnify the Collateral Agent for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Collateral Agent arising out of the Indenture and the Security Documents except to the extent that any of the foregoing are finally judicially determined to have resulted from the gross negligence or willful misconduct of the Collateral Agent.

Release of Security

The security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon defeasance of the Notes as provided below under "—Defeasance" or a discharge as described under "—Satisfaction and Discharge";
- upon certain dispositions (including but not limited to, as a result of a sale, merger, consolidation, transfer, conveyance or other disposition) of the Collateral in compliance with the covenants described under "—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries" or "—Certain Covenants—Limitation on Asset Sales" or in accordance with the provision described under "—Consolidation, Merger and Sale of Assets"; and
- in whole or in part, with the requisite consent of the Holders (other than as provided in the Indenture and the Security Documents) in accordance with the provisions described under "—Amendments and Waiver."

Activities Prior to the Release Date

If the Original Issue Date occurs on or after the Scheme Effective Date, prior to the Acquisition Release on the Acquisition Escrow Release Date, the Issuer's primary activities will be restricted to (i) performing its obligations in respect of the Notes, the Indenture, the account bank agreement and the Security Documents, (ii) releasing the Acquisition Escrowed Proceeds to consummate the Acquisition, (iii) redeeming the Notes, if applicable, pursuant to any Special Mandatory Redemption, (iv) receiving capital contributions from any other direct or indirect parent entity, (v) maintaining its corporate existence and (vi) conducting such other activities as are necessary or appropriate or incidental to carrying out the foregoing activities.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Guarantees) in all respects (or in all respects except for the issue date, issue price, first payment of interest and the first date for accrual of interest, and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional

Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that (a) the issuance of any such Additional Notes shall then be permitted under "—Certain Covenants—Limitation on Indebtedness and Preferred Stock" covenant described below and the other provisions of the Indenture; and (b) the Additional Notes will not be issued under the same CUSIP, ISIN, or Common Code as the Notes unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Issuer will be subject to the following conditions:

(1) all Obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Guarantees and the Security Documents to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;

(2) the net proceeds of such Additional Notes (less the amount required to fund the Interest Reserve Account, with respect to such Additional Notes) shall be lent by the Issuer to the Parent Guarantor and/or a Subsidiary Guarantor pursuant to Intercompany Loans;

(3) the Parent Guarantor and the Issuer shall have delivered to the Trustee an Officers' Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture and is permitted by the Indenture; and

(4) the Parent Guarantor and the Issuer shall have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes satisfies the conditions precedent to such issuance under the Indenture.

Optional Redemption

At any time on or after May 14, 2023, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on May 14 of any year set forth below:

Period	Redemption Price
2023	105.53125%
2024	103.68750%
2025	101.84375%

At any time prior to May 14, 2023, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock (or options, warrants or rights relating to Common Stock) of the Parent Guarantor in an Equity Offering at a redemption price of 107.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Parent Guarantor and its Affiliates) remains outstanding after each such redemption and any such redemption takes place within 90 days after the closing of the related Equity Offering.

At any time prior to May 14, 2023, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible or liable for calculating or verifying the Applicable Premium.

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows:

- if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then traded or if the Notes are held through the clearing systems, in compliance with the requirements of the clearing systems; or
- if the Notes are not listed on any securities exchange or are not held through the clearing systems, on a pro rata basis by lot or such other method as the Trustee deem appropriate in its sole and absolute discretion, unless otherwise required by law.

However, no Note of US$200,000 in principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor have agreed in the Indenture that upon a Change of Control they will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer or the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default under certain other debt instruments. Future debt of the Issuer or the Parent Guarantor may also prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control, provide that a Change of Control is a default or require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The ability of the Issuer or the Parent Guarantor to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's or the Parent Guarantor's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—Upon a Change of Control of the Parent Guarantor, the Issuer may not be in a position to redeem the Notes*."

The definition of "Change of Control" includes a phrase "all or substantially all," as used with respect to the assets of the Parent Guarantor and its Restricted Subsidiaries. No precise definition of the phrase has been established under applicable law, and the phrase will be interpreted under New York law based on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder of Notes to require the Parent Guarantor or the Issuer to repurchase such Holder's Notes as a result of a sale of "all or substantially all" the assets of the Parent Guarantor and its Restricted Subsidiaries to another person or group.

Notwithstanding the above, the Parent Guarantor and the Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer to be made by the Parent Guarantor or the Issuer and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer and the Parent Guarantor will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur, and shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Trustee shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible or liable to any person for any loss arising from any failure by it to do so.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sinking Fund

Except as set forth under "Escrow of Proceeds; Special Mandatory Redemption," there will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of and premium (if any) and interest on the Notes and all payments under the Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under the caption "—Consolidation, Merger and Sale of Assets") or an applicable Guarantor is organized or resident for tax purposes or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the applicable Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note of such amounts payable under the Notes or the Guarantees as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

(a) for or on account of:

(i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Guarantee, as the case may be, or, if the Holder is a trust, partnership, limited

liability company or a corporation, its beneficiaries, partners, members or shareholders, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Guarantee, including, without limitation, such Holder or beneficial owner (or its beneficiaries, partners, members or shareholders) being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or any Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

(D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, stamp, sale, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(iii) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments made on or with respect to any Note;

(iv) any withholding or deduction imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, and any current or future regulations promulgated thereunder (generally referred to as "FATCA"), the laws of any Relevant Jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement between the Issuer or a Guarantor and the United States or any authority thereof entered into for FATCA purposes; or

(v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii), and (iv); or

(b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

The Issuer will pay any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of the Notes or any other document or instrument relating to the issuance thereof, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside a Relevant Jurisdiction.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or any Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee.

Each Holder, by accepting the Notes agrees, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the offering of the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Issuer, the Parent Guarantor or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings or treaties (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes, the Indenture, the Intercompany Loans or a Guarantee (or, in the case of a Surviving Person or future Subsidiary Guarantor, the date such Person became a Surviving Person or Guarantor, as the case may be), the Issuer, a Guarantor or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts (or, in the case of any payment with respect to the Intercompany Loans, would be required to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature), and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, such Guarantor or the Surviving Person, as the case may be; *provided* that changing the jurisdiction of the Issuer, a Guarantor or the Surviving Person is not a reasonable measure for the purposes of this section; *provided further* that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer, a Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts (or, in the case of the Intercompany Loans, withhold or deduct such taxes, duties, assessments or governmental charges) if a payment in respect of the Notes (or on the Intercompany Loans, as applicable) were then due; *provided further* that where any such requirement to pay Additional Amounts (or withhold or deduct an amount from any payment with respect to the Intercompany Loans) is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), this provision shall only have effect to permit the Notes to be redeemed in the event that the rate of withholding or deduction in respect of which Additional Amounts are required (or in respect of which withholding is required on payments on the Intercompany Loans) is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, a Guarantor or Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, such Guarantor or such Surviving Person, as the case may be, by taking reasonable measures available to it; and

(2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of international recognized standing, with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above without any verification, in which event it will be conclusive and binding on the Holders, and the Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion, and is not obligated to verify any information contained in any certificate or opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(a) The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness) and the Parent Guarantor will not permit any Restricted Subsidiary to issue any Preferred Stock; *provided* that the Parent Guarantor, the Issuer, any Subsidiary Guarantor or Finance Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing, (y) the Fixed Charge Coverage Ratio would be not less than 3.00 to 1.0, (y) the Net Leverage Ratio would not be greater than 5.00 to 1.00 and (z) if such Indebtedness constitutes Consolidated Priority Indebtedness, such Indebtedness constitutes Permitted Priority Indebtedness. Notwithstanding the foregoing, the Parent Guarantor will not and will not permit any Restricted Subsidiary to, Incur any Disqualified Stock (except that the Parent Guarantor or any Restricted Subsidiary may issue Disqualified Stock held by the Parent Guarantor or a Subsidiary Guarantor, so long as it is so held).

(b) Notwithstanding the foregoing, the Parent Guarantor and, to the extent provided below, the Issuer, any Subsidiary Guarantor or any Restricted Subsidiary, may Incur each and all of the following ("Permitted Indebtedness"):

(1) Indebtedness under the Notes (excluding any Additional Notes), the Guarantees, the Intercompany Loans, the 2022 Notes outstanding on the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), the 2022 Notes Guarantees, the 2022 Intercompany Loans, the 2025 Notes outstanding on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), the 2025 Notes Guarantees and the 2025 Intercompany Loans;

(2) Indebtedness of the Parent Guarantor or any Restricted Subsidiary outstanding on the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue

Date, the Acquisition Escrow Release Date), excluding Indebtedness permitted under clause (b)(1) or (b)(3) of this covenant;

(3) Indebtedness of the Parent Guarantor, the Issuer or any Restricted Subsidiary owed to the Parent Guarantor, the Issuer or any Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Parent Guarantor, the Issuer or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(3), (y) if the Issuer or the Parent Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, in the case of the Issuer, or the Parent Guarantee, in the case of the Parent Guarantor and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

(4) Refinancing Indebtedness ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to Refinance Indebtedness Incurred under clause (a) or clause (b)(1), (b)(2), (b)(4), (b)(10) or (b)(13) of this covenant;

(5) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of a Permitted Business and for the purpose of protecting the Parent Guarantor or any such Restricted Subsidiary from fluctuations in interest rates, currencies or commodity prices and not for speculation;

(6) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Parent Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Equity Interests of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Equity Interests of a Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including non-cash proceeds) actually received by the Parent Guarantor or any Restricted Subsidiary from the disposition of such business, assets or Equity Interests of a Restricted Subsidiary;

(7) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within fifteen (15) Business Days of Incurrence;

(8) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary constituting (x) reimbursement obligations with respect to workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations, bankers' acceptances or bid, performance, appeal or surety bonds (in each case other than for an obligation for borrowed money) or similar instruments, (y) the financing of insurance premiums in the ordinary course of business, or (z) reimbursement obligations with respect to security deposits, pre-sale deposits or advances on the purchase price of property, oil and gas or similar obligations in the ordinary course of business;

(9) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Parent Guarantor or such Restricted Subsidiary of a demand for reimbursement;

(10) Indebtedness Incurred by the Issuer, the Parent Guarantor or any Restricted Subsidiary represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations in the ordinary course of business after the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) to finance all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal) (including the lease purchase price of land use rights), plant or equipment (including through the acquisition of Capital Stock of any Person that owns property, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary) to be used in the Permitted Business; *provided* that (i) such Indebtedness shall be Incurred no later than 90 days after the acquisition, construction, installation or improvement of such property (real or personal), plant or equipment and (ii) on the date of Incurrence of such Indebtedness and after giving pro forma effect thereto, the aggregate principal amount of such Indebtedness at any time outstanding (together with Refinancings thereof) shall not exceed an amount equal to 10.0% of Total Assets;

(11) guarantees by any Guarantor of Indebtedness of any other Guarantor, the Issuer or a Finance Subsidiary that was permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(12) guarantees by the Parent Guarantor of Indebtedness Incurred by any non-Guarantor Restricted Subsidiary that (i) was permitted to be Incurred by another provision of this covenant and (ii) was Incurred to finance a project related to the Permitted Business, *provided* that such guarantee is released prior to or upon completion of construction of such project; and

(13) Indebtedness of the Parent Guarantor or any Restricted Subsidiary with a maturity of one year or less used by the Parent Guarantor or any Restricted Subsidiary for working capital; *provided* that on the date of Incurrence of such Indebtedness and after giving effect thereto, the aggregate amount of outstanding Indebtedness Incurred pursuant to this clause (13) (together with refinancings thereof) does not exceed US$125 million (or the Dollar Equivalent thereof),

provided that, with respect to the incurrence of Permitted Indebtedness under this paragraph (b) (other than Permitted Refinancing Indebtedness that Refinances Permitted Priority Indebtedness under clause (4) of this paragraph (b)), if such Permitted Indebtedness constitutes Consolidated Priority Indebtedness, on the date of the Incurrence of such Indebtedness or the issuance of such Preferred Stock and after giving pro forma effect thereto and the application of proceeds therefrom, such Indebtedness or Preferred Stock constitutes Permitted Priority Indebtedness.

(c) For purposes of determining compliance with this "—Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of clause (a) of this covenant, the Parent Guarantor, in its sole discretion, will classify and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types, or may apportion such item of Indebtedness among several such types.

(d) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness; provided, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Parent Guarantor as accrued.

(e) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the Dollar Equivalent principal amount of Indebtedness denominated in a

foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred; *provided*, that if such Indebtedness is incurred to Refinance other Indebtedness denominated in a foreign currency, and such Refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being Refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses). The principal amount of any Indebtedness incurred to Refinance other Indebtedness, if incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such Refinancing.

(f) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Limitation on Restricted Payments

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid solely in shares of the Parent Guarantor's Capital Stock (other than its Disqualified Stock) or by any Restricted Subsidiary in its Capital Stock (other than its Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer, the Parent Guarantor or any Wholly Owned Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) of the Parent Guarantor, any Restricted Subsidiary or any direct or indirect parent of the Parent Guarantor held by any Persons other than the Issuer, the Parent Guarantor or any Wholly Owned Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Guarantee (excluding (i) the Intercompany Loans or (ii) any intercompany Indebtedness between or among the Parent Guarantor and any Restricted Subsidiary or among Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Parent Guarantor could not Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption "—Limitation on Indebtedness and Preferred Stock"; or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Parent Guarantor and its Restricted Subsidiaries after the Commencement Date, would exceed the sum (without duplication) of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Parent Guarantor (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a

cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter in which the 2022 Original Issue Date falls and ending on the last day of the Parent Guarantor's most recently ended fiscal quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor will use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Parent Guarantor after the 2022 Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Equity Interests (other than Disqualified Stock) to a Person who is not a Subsidiary of the Parent Guarantor, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Parent Guarantor into Capital Stock (other than Disqualified Stock) of the Parent Guarantor, or (y) the exercise by a Person who is not a Subsidiary of the Parent Guarantor of any options, warrants or other rights to acquire Capital Stock of the Parent Guarantor (other than Disqualified Stock), in each case after deducting (to the extent such amounts are not included as a Restricted Payment) the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Parent Guarantor; plus

(iii) the amount by which Indebtedness of the Parent Guarantor or any Restricted Subsidiary is reduced on the Parent Guarantor's balance sheet upon conversion or exchange (other than by a Subsidiary of the Parent Guarantor) subsequent to the 2022 Original Issue Date of any Indebtedness of the Parent Guarantor or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Parent Guarantor (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Parent Guarantor upon such conversion or exchange, to the extent such amounts are not included as a Restricted Payment); plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the 2022 Original Issue Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (b) the unconditional release of a guarantee provided by the Parent Guarantor or any Restricted Subsidiary after the 2022 Original Issue Date of an obligation of another Person, (c) the Net Cash Proceeds from the sale, transfer or other disposition (including by merger or consolidation) of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Parent Guarantor or a Restricted Subsidiary after the 2022 Original Issue Date in any such Person (treating any redesignations of unrestricted subsidiaries as restricted subsidiaries in respect of the 2022 Notes prior to the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) as redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries for the purposes of this covenant); minus

(v) any amounts drawn on the MPI SLC; plus

(vi) any amounts reimbursed to the Parent Guarantor or any of its Restricted Subsidiaries, whether pursuant to a right of subrogation, repayment or otherwise, on account of amounts drawn under the MPI SLC, but not exceeding, in aggregate, the amounts previously deducted under clause (v) above.

The foregoing provision will not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Parent Guarantor or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph; provided further that any item that has been excluded pursuant to clause (C)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Restricted Subsidiary in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph; provided further that any item that has been excluded pursuant to clause (C)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);

(5) (x) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock, in each case payable, on a pro rata basis or on a basis more favorable to the Parent Guarantor, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Parent Guarantor;

(6) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Parent Guarantor deemed to occur upon (a) the exercise or conversion of warrants, options or other rights to acquire Capital Stock to the extent such Capital Stock represent a portion of the exercise price of those warrants, options or other rights or (b) the withholding of a portion of the Equity Interests granted or awarded to an employee to pay for the taxes payable by such employee upon such grant or award; or

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise or conversion of any warrants, options or rights to acquire Capital Stock of the Parent Guarantor,

provided that in the case of clause (2), (3), or (4) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1) and (5) (but only to the extent that dividends are paid to Persons other than the Parent Guarantor or a Restricted Subsidiary), of the preceding paragraph will be included in calculating whether the conditions of clause (C) of the first paragraph of this "—Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments, and Restricted Payments pursuant to such other clauses or under clause (5) (to the extent paid to the Parent Guarantor or a Restricted Subsidiary) shall not be so included.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or

the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than cash) must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized national or international standing if the Fair Market Value exceeds US$5.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$5.0 million (or the Dollar Equivalent thereof), the Parent Guarantor will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "—Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided below, the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

  (1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Parent Guarantor or any other Restricted Subsidiary;

  (2) pay any Indebtedness or other obligation owed to the Parent Guarantor or any other Restricted Subsidiary;

  (3) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or

  (4) sell, lease or transfer any of its property or assets to the Parent Guarantor or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

  (1) existing in agreements as in effect on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), or in the Notes, the Guarantees, the Indenture, the Security Documents and any extensions, Refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, Refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, Refinanced, renewed or replaced;

  (2) existing under or by reason of applicable law, rule, regulation or government order;

  (3) with respect to any Person (or any Subsidiary of such Person) or the property or assets of such Person (or any such Subsidiary), in any such case acquired by the Parent Guarantor or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person (or any Subsidiary of such Person) or the property or assets of such Person (or any such Subsidiary) so acquired, and any extensions, Refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, Refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, Refinanced, renewed or replaced;

  (4) that otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise, or are agreed to, in the ordinary course of business and that (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or

license, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "—Limitation on Indebtedness and Preferred Stock" and "—Limitation on Asset Sales" covenants;

(6) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions (i) were not created in connection with or in anticipation of the transaction or series of transactions pursuant to which such Restricted Subsidiary either became an Unrestricted Subsidiary or was designated as a Restricted Subsidiary and (ii) are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its Subsidiaries or the property or assets of such Subsidiary or its Subsidiaries, and any extensions, Refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, Refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, Refinanced, renewed or replaced;

(7) imposed pursuant to any Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being Refinanced;

(8) existing in customary provisions in joint venture agreements or other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture or agreement and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially adversely affect the ability of the Issuer to make required payments on the Notes;

(9) imposed pursuant to debt obligations of the Issuer similar to the Notes and representing Indebtedness Incurred under clause (a) of the covenant under the caption "Certain Covenants—Limitation on Indebtedness and Preferred Stock," if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of Indebtedness; (ii) no more restrictive than the encumbrances and restrictions under the Indenture and (iii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payments on the Notes or the Guarantors to make required payments under the Guarantees; or

(10) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (b)(10) of the "Limitation on Indebtedness and Preferred Stock" covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of (x) the Issuer to make required payment on the Notes or (y) any Guarantor to make required payments under its Guarantee.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer and the Parent Guarantor will not sell, and the Parent Guarantor will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Parent Guarantor, the Issuer or a Wholly Owned Restricted Subsidiary;

(b) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Parent Guarantor or a Wholly Owned Restricted Subsidiary;

(c) the sale, transfer or other disposition (including by way of merger or consolidation) of the shares of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "—Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and if permitted under, and made in accordance with, the "—Limitation on Asset Sales" covenant; and

(d) the issuance or sale, transfer or other disposition (including by way of merger or consolidation) of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Parent Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "—Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Parent Guarantor will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("Guaranteed Indebtedness") of the Parent Guarantor, the Issuer or any Subsidiary Guarantor, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor, the Issuer or any Subsidiary Guarantor as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Guarantee or (B) is subordinated in right of payment to the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (a) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Parent Guarantor or (b) any Affiliate of the Parent Guarantor (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Parent Guarantor or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Parent Guarantor or such Restricted Subsidiary; and

(2) the Parent Guarantor delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board

Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors (or if there are no disinterested members of the Board of Directors, by a majority of the Board of Directors); and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized national or international standing as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view.

The foregoing limitation does not limit, and will not apply to:

(1) the payment of reasonable and customary regular fees to directors or commissioners of the Parent Guarantor or any Restricted Subsidiary who are not employees of the Parent Guarantor or any Restricted Subsidiary;

(2) transactions otherwise permitted under the Indenture between or among the Parent Guarantor, the Issuer and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under the caption "—Limitation on Restricted Payments" if permitted by that covenant;

(4) transactions or payments pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business, approved by the Board of Directors and in compliance with the listing rules of the Indonesian Stock Exchange;

(5) any issuance or sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor; and

(6) the 2022 Notes Guarantees and the 2025 Notes Guarantees.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (i) Investments (other than Permitted Investments) not prohibited by the "—Limitation on Restricted Payments" covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) and described in this Offering Circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is as a whole not more disadvantageous in any material respect to the Parent Guarantor and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), (iii) any transaction between or among the Parent Guarantor and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners (if any) of or in such Subsidiary is a Person described in clauses (a) or (b) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer, commissioner or director of such Subsidiary) or (iv) any transaction between or among the Parent Guarantor, the Issuer, the 2022 Issuer and the 2025 Issuer permitted under the Indenture. Furthermore, the requirements of clause (2)(B) of the first paragraph of this covenant will not apply to transactions in the ordinary course of business between the Parent Guarantor and any Restricted Subsidiary, on the one hand, and any Affiliate of the Parent Guarantor described in clause (b) of the first paragraph of this covenant that is engaged in a Permitted Business described in clauses (iii) and (iv) of the definition thereof or any Unrestricted Subsidiary, on the other hand.

Limitation on Liens

The Issuer will not, and the Parent Guarantor will not permit the Issuer or any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on the Collateral (other than Permitted Liens).

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind (other than the Collateral), whether owned at the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date the Acquisition Escrow Release Date) or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes or any Guarantee, senior in priority to) the obligation or liability so secured for so long as such obligation or liability is so secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Parent Guarantor or any Subsidiary Guarantor may enter into a Sale and Leaseback Transaction if:

(a) the Parent Guarantor or such Subsidiary Guarantor could have (1) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under the caption "—Limitation on Indebtedness and Preferred Stock" and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption "—Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Parent Guarantor or such Subsidiary Guarantor applies the proceeds of such transaction in compliance with, the covenant described under the caption "—Limitation on Asset Sales."

Limitation on Asset Sales

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(a) no Default will have occurred and be continuing or would occur as a result of such Asset Sale;

(b) the consideration received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(c) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Parent Guarantor or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized national or international standing. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Parent Guarantor's most recent consolidated balance sheet, of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that

are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Parent Guarantor or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Parent Guarantor or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) permanently repay any Senior Indebtedness of the Parent Guarantor or a Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Parent Guarantor or a Restricted Subsidiary;

(2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or properties or assets (other than current assets) that will be used in the Permitted Business;

(3) acquire Capital Stock of any entity involved in the Permitted Business, if, after giving effect to any such acquisition of Capital Stock, such entity involved in the Permitted Business is or becomes a Restricted Subsidiary; or

(4) make capital expenditure relating to properties or assets that are used in the Permitted Business.

Properties, assets or Capital Stock referred to in clauses (2), (3) and (4) of the preceding paragraph constitute "Replacement Assets." Pending application of such Net Cash Proceeds as set forth in the preceding paragraph, the Parent Guarantor (or applicable Restricted Subsidiary) may use such Net Cash Proceeds to make an Investment in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the second preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds equal or exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Parent Guarantor or the Issuer must make an Offer to Purchase Notes having a principal amount equal to:

(i) accumulated Excess Proceeds, multiplied by

(ii) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Parent Guarantor may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any other *pari passu* Indebtedness tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be purchased on a pro rata basis based on the principal amount of Notes and such *pari passu* Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Notwithstanding the provisions of this covenant "Limitation on Asset Sales", the Issuer and the Parent Guarantor will not sell or otherwise transfer the Intercompany Loans.

The Parent Guarantor and the Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Parent Guarantor and the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Limitation on the Parent Guarantor's Business Activities

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; *provided*, *however*, that the Parent Guarantor or any Restricted Subsidiary (other than the Issuer) may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant under the caption "—Limitation on Restricted Payments."

Limitation on the Issuer

The Issuer will not issue any Capital Stock other than the issuance of its ordinary shares to MSS, the Parent Guarantor or a Wholly Owned Restricted Subsidiary of the Parent Guarantor, so long as, in each case, a Lien over such ordinary shares is granted securing the Notes (subject to Permitted Liens).

The Issuer will at all times remain a Wholly Owned Restricted Subsidiary of the Parent Guarantor.

For so long as any Notes are outstanding, none of the Issuer or the Parent Guarantor will commence or take any action to cause a winding-up or liquidation of the Issuer except that the Issuer may be wound up or liquidated subsequent to a consolidation, merger or transfer of assets conducted in accordance with the first paragraph of the covenant described under the caption "—Consolidation, Merger and Sale of Assets."

Amendments to or Prepayments of the Intercompany Loans

Without the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to,

(i) prepay or otherwise reduce or permit the prepayment or reduction of the Intercompany Loans; or

(ii) amend, modify or alter the instrument governing the Intercompany Loans in any manner adverse to the Holders; *provided* that, without the consent of all holders, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, amend, modify or alter the Intercompany Loans to:

  (1) change the Stated Maturity of the Intercompany Loans;

  (2) change the currency for payment of principal or interest on the Intercompany Loans; or

  (3) reduce the above-stated percentage of Notes the consent of whose holders is necessary to modify or amend the Intercompany Loans.

Notwithstanding the foregoing, without the consent of any Holder of Notes, the Intercompany Loans may be amended solely (x) to provide for the issuance of Additional Notes, and may be prepaid or reduced to facilitate or otherwise accommodate or reflect a Refinancing, redemption, repurchase or exchange of outstanding Notes in accordance with the terms of the Indenture or through any tender offer or exchange offer or (y) to reduce any

withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer or the Parent Guarantor is organized or resident for tax purposes; *provided* that in the case of clause (y), prior to such amendment, the Issuer or the Parent Guarantor will deliver to the Trustee an Opinion of Counsel or an opinion of a tax consultant of recognized national or international standing that such amendment to the Intercompany Loans will reduce such withholding or deduction.

The Issuer and the Parent Guarantor will not sell or otherwise transfer the Intercompany Loans or to directly or indirectly, incur, assume or permit to exist any Lien on the Intercompany Loans (other than Permitted Liens).

Maintenance of Insurance

The Parent Guarantor will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similar companies engaged in similar business to the Permitted Business in the jurisdictions in which the Parent Guarantor or such Restricted Subsidiary conducts its businesses, including, without limitation, property and casualty insurance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) neither the Parent Guarantor nor any Restricted Subsidiary guarantees or provides credit support for the Indebtedness or other liabilities of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Parent Guarantor or any other Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Parent Guarantor or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Parent Guarantor or any Restricted Subsidiary, if such Preferred Stock or Indebtedness could not be Incurred under the covenant described under "—Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under "—Limitation of Liens"; (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; (f) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption "—Limitation on Restricted Payments;" and (g) such Restricted Subsidiary does not own or operate or possess any material license, franchise or right used in connection with the ownership or operation of any material part of the Parent Guarantor's or its Restricted Subsidiaries' business.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "—Limitation on Indebtedness and Preferred Stock"; (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "—Limitation on Liens"; (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (e) such Restricted Subsidiary will, if required by the Indenture, upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor. All designations must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Use of Proceeds

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the initial offering of the Notes, in any amount, for any purpose other than (a) in the approximate amounts and for the purposes specified under the caption "Use of Proceeds" in this Offering Circular and as described under the caption "—Escrow of Proceeds; Special Mandatory Redemption," and (b) pending application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Government Approvals and Licenses; Compliance with Law

The Issuer and the Parent Guarantor will, and the Parent Guarantor will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Liens not prohibited by the covenant described under "—Limitation on Liens" and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (1) the business or results of operations of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to perform their obligations under the Notes, the relevant Guarantee or the Indenture.

Anti-Layering

The Issuer will not Incur, and the Parent Guarantor will not and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from at least two of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from at least two of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(2) "—Certain Covenants—Limitation on Restricted Payments";

(3) "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(4) "—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(5) "—Certain Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(6) "—Certain Covenants—Limitation on Asset Sales";

(7) "—Certain Covenants—Maintenance of Insurance"; and

(8) "—Certain Covenants—Anti-Layering".

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor, the Issuer or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default or Event of Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve an Investment Grade rating or that, if achieved, any such rating will be maintained.

Provision of Financial Statements and Reports

(a) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Indonesia Stock Exchange or any other national stock exchange on which the Parent Guarantor's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; *provided* that, if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on the Indonesia Stock Exchange or any other national stock exchange, the Parent Guarantor will file with the Trustee and furnish to the Holders in the English language (and an English translation if in any other language):

(1) as soon as they are available, but in any event within 90 calendar days after the end of each fiscal year of the Parent Guarantor, annual reports containing, and in a level of detail that is comparable in all material respects to that included in this Offering Circular, the following information:

(i) audited consolidated balance sheets of the Parent Guarantor of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements;

(ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in this Offering Circular) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies; and

(iii) description of the business, management and shareholders of the Parent Guarantor (on a consolidated basis) and, with respect to shareholders, to the extent known to the Parent Guarantor, in sufficient detail to identify any Beneficial Owners of 5% or more of any class of Capital Stock of the Parent Guarantor;

(2) as soon as they are available, but in any event within 45 calendar days after the end of the first semi-annual fiscal period of the Parent Guarantor, semi-annual reports of the Parent Guarantor containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such semi-annual period and unaudited condensed consolidated statements of income and statements of cash flow of the Parent Guarantor for the most recent semi-annual fiscal period ending on the unaudited condensed consolidated balance sheet date, and the comparable prior year

period, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, such semi-annual fiscal period (with such exceptions as are required for end of period adjustments and lack of notes); and (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in this Offering Circular) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material changes in commitments and contingencies and critical accounting policies since the most recent annual report; and

(3) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Parent Guarantor, quarterly reports of the Parent Guarantor containing an unaudited condensed consolidated balance sheet as of the end of such fiscal quarter and unaudited condensed consolidated statements of income and statements of cash flow of the Parent Guarantor for the most recent fiscal quarter ending on the unaudited condensed consolidated balance sheet date, and the comparable prior year period, prepared on a basis consistent with the audited financial statements of the Parent Guarantor, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, the relevant quarterly period (with such exceptions as are required for end of period adjustments and lack of notes).

(b) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee (1) within 90 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Parent Guarantor's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided*, *however*, that the Parent Guarantor shall not be required to provide such auditor certification if its external auditors refuse as a general policy to provide such certification; and (2) as soon as possible and in any event within 20 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of the occurrence of a Default and/or an Event of Default (and also within 14 days of any request in writing by the Trustee), an Officer's Certificate of the Parent Guarantor setting forth the details thereof and the action the Parent Guarantor is taking or proposes to take with respect thereto.

All historical financial statements shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (a)(1), (a)(2) and (a)(3) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods.

At any time that any of the Parent Guarantor's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Parent Guarantor, then the annual, semi-annual and quarterly financial information required by clauses (a)(1), (a)(2) and (a)(3) above shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA (as presented in this Offering Circular), net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(c) default in the performance or breach of the provisions of the covenants described under the caption "—Consolidation, Merger and Sale of Assets" or the failure to make or consummate an Offer to Purchase in the manner described under the captions "—Repurchase of Notes upon a Change of Control" or "—Certain Covenants—Limitation on Asset Sales";

(d) the Parent Guarantor or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice of such default or breach by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(e) there occurs with respect to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount of US$15.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (2) a failure to pay principal of, or interest or premium in an amount of at least US$1.0 million (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;

(f) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$15.0 million (or the Dollar Equivalent thereof) (net of any amounts which the Parent's insurance carriers have paid or agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Parent Guarantor or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Restricted Subsidiary or for any substantial part of the property and assets of the Parent Guarantor or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Parent Guarantor or any Restricted Subsidiary (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Restricted Subsidiary or for all or substantially all of the property and assets of the Parent Guarantor or any Restricted Subsidiary or (3) effects any general assignment for the benefit of creditors;

(i) any Guarantor denies or disaffirms in writing its obligations under its Guarantee or any Guarantee is finally determined in any judicial proceeding to be unenforceable or invalid or will for any reason

cease to be in full force and effect, the Issuer or any Guarantor repudiates the Indenture, the Notes or any Guarantee or does or causes or permits to be done any act or thing evidencing an intention to repudiate such agreement, in each case except as permitted by the Indenture;

(j) a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or any Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Issuer or any Guarantor or all or a substantial part of the Capital Stock of the Issuer or any Guarantor, the Notes or any Guarantee, or the Issuer or any Guarantor shall be prevented from exercising normal control over all or a substantial part of its property;

(k) the capital and/or currency exchange controls in place in the Republic of Indonesia on the Original Issue Date shall be modified or amended in a manner that prevents or will prevent the Issuer or any Guarantor from performing its payment obligations under the Indenture, the Notes or any Guarantee;

(l) the entire issued share capital of the Issuer ceases to be Wholly Owned, directly or indirectly, by the Parent Guarantor;

(m) it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its material obligations under or in respect of the Indenture, the Notes or any Guarantor;

(n) any failure by the Issuer to maintain the Interest Reserve Account and the Escrow Account in accordance with the Indenture;

(o) any default by the Issuer or the Parent Guarantor in the performance of any of its obligations under the Security Documents that adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or that adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or

(p) the Issuer or the Parent Guarantor denies or disaffirms its obligations under any Security Documents or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Collateral Agent ceases to have a first priority Lien over the Collateral (subject to any Permitted Lien).

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will (subject to the Trustee being indemnified and/or secured and/or pre-funding to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Parent Guarantor or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Issuer will be required to furnish to the Trustee annually, and within 14 days of any written request by the Trustee, a statement concerning the performance and observance of its obligations under the Notes or the Indenture and the occurrence of any Event of Default, if any. In addition, the Issuer is required to file promptly with the Trustee written notice of the occurrence of any Event of Default.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction by such Holders), may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction in advance of such proceedings. However, the Trustee may refuse to follow any direction that conflicts with law, the Indenture or the Security Documents that may involve the Trustee in personal liability and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. Notwithstanding anything to the contrary in the Indenture, the Deed of Guarantee or any other document relating to the Notes and the Security Documents, in the event the Trustee shall receive instructions and/or indemnity and/or prefunding from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole discretion and subject to such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole discretion, exercise any one or more of the following options:

(i) refrain from acting on any such conflicting instructions;

(ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of the Indenture (and always subject to such indemnity, security and/or prefunding as is satisfactory to the Trustee); and

(iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any Holders unless such Holders have instructed the Trustee in writing and have offered to the Trustee security and/or indemnity (including by way of pre-funding) to its satisfaction (which, in the case of a direction to enforce the Deed of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Guarantors or any other Person, shall be subject to the provisions of the Indenture) against any loss, liability or

expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder shall pursue any remedy with respect to the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security and/or prefunding; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Two officers of each of the Issuer and the Parent Guarantor must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year and within 14 days after receiving a written request from the Trustee, that a review has been conducted of the activities of the Parent Guarantor and its Restricted Subsidiaries and the Parent Guarantor's and its Restricted Subsidiaries' performance under the Indenture and the Notes and that the Parent Guarantor and its Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Issuer and the Parent Guarantor will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture and the Security Documents. See "—Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, merge with or into, another Person (other than the Parent Guarantor), permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to any Person (other than the Parent Guarantor); *provided* that, in the event the Issuer so consolidates with, merges with or into, the Parent Guarantor or sells, conveys, transfers, leases or otherwise disposes of all or substantially all of its properties and assets to the Parent Guarantor, the Parent Guarantor immediately after such transaction, will (a) assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes, which shall remain in full force and effect and (b) deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that such transaction and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with.

The Parent Guarantor will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(a) the Parent Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of Indonesia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the

obligations of the Parent Guarantor under the Indenture, the Notes and the Parent Guarantee, as the case may be, and the Indenture, the Notes and the Parent Guarantee, as the case may be, will remain in full force and effect;

(b) immediately after giving effect to such transaction, no Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;

(d) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(e) the Parent Guarantor delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (c) and (d) of this paragraph and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(f) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Parent Guarantor has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Parent Guarantor or the Surviving Person in accordance with the Notes and the Indenture; and

(g) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Parent Guarantor or another Subsidiary Guarantor), unless:

(A) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Parent Guarantor or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction, and such Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, shall remain in full force and effect;

(B) immediately after giving effect to such transaction, no Default will have occurred and be continuing;

(C) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor will have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;

(D) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(E) the Issuer or the Parent Guarantor delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (C) and (D) of this paragraph and

(2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(F) no Rating Decline will have occurred;

provided that this paragraph will not apply to (a) any sale, merger, consolidation, assignment, conveyance, lease or other disposition that complies with the "—Certain Covenants—Limitation on Asset Sales" covenant, (b) a consolidation or merger of any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under "—Subsidiary Guarantees—Release of Subsidiary Guarantees" and (c) a consolidation or merger of any Subsidiary Guarantor with and into the Parent Guarantor or any other Subsidiary Guarantor, so long as the resulting entity remains or becomes a Guarantor.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under New York law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

No Payments for Consents

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, the Parent Guarantor or any of its Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders in any jurisdiction where (A) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Parent Guarantor and the payment of consideration therefor would require the Issuer or the Parent Guarantor or any of its Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Issuer or the Parent Guarantor or any of its Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Issuer or the Parent Guarantor or any of its Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among

other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(a) the Issuer has (1) deposited into an account opened with the Trustee (or its agent), money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in the trust;

(b) the Issuer has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this "—Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel of recognized international standing to the effect that the creation of and the deposit of assets into the defeasance account does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the fund or assets will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;

(d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any Restricted Subsidiary is a party or by which the Parent Guarantor or any Restricted Subsidiary is bound; and

(e) the Issuer must deliver to the Trustee an Officers' Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In case of either discharge or defeasance of the Notes, the Parent Guarantee and the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d), (e)(1) and (g) under the second paragraph and clauses (C), (D), (E)(1) and (F) under the third paragraph under "—Consolidation, Merger and Sale of Assets" and all the covenants described herein under "—Certain Covenants" other than as described under "—Certain Covenants—Anti-Layering," clause (c) under "—Events of Default" with respect to such clauses (c), (d), (e)(1) and (g) under the second paragraph and

clauses (C), (D), (E)(1) and (F) under the third paragraph under "—Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (d) under "—Events of Default" with respect to such other covenants and clauses (e) and (f) under "—Events of Default" will be deemed not to be Events of Default upon, among other things, the deposit into an account opened with the Trustee (or its agent), of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2), (c) and (e) of the preceding paragraph and the delivery by the Issuer to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer and the Guarantors under the Indenture will remain liable for such payments.

Satisfaction and discharge

The Indenture will be discharged, and will cease to be of further effect as to all Notes issued thereunder, when either:

(1) all Notes that have been authenticated and delivered (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust) have been delivered to the Registrar for cancellation; or

(2) (a) all Notes not theretofore delivered to the Registrar for cancellation have become due and payable by reason of the giving of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee, as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Registrar for cancellation for principal, premium, if any, and accrued interest to, but not including, the date of maturity or redemption, as the case may be;

(b) no Default or Event of Default has occurred and is continuing on the date of such deposit or will occur as a result of such deposit (other than a Default or an Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) and the deposit will not result in a breach or violation of, or constitute a default under any material agreement or material instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(c) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer under the Indenture, including all amounts payable to the Trustee, the Collateral Agent and the Agents (which shall include fees, expenses and indemnities); and

(d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer shall deliver to the Trustee an Officers' Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

Amendments of the Indenture, the Notes, the Deeds of Guarantee or any Security Document may be made by the Issuer, the Parent Guarantor (if party to the Indenture), the Subsidiary Guarantors (if party to the Indenture), the Collateral Agent and the Trustee, without the consent of any Holder, to:

(a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Deeds of Guarantee or any Security Document;

(b) comply with the provisions described under "—Consolidation, Merger and Sale of Assets";

(c) evidence and provide for the acceptance of appointment by a successor Trustee;

(d) add any Guarantor or any Guarantee or release any Guarantor from any Guarantee as provided or permitted by the terms of the Indenture;

(e) to add additional collateral to secure the Notes and the Guarantees;

(f) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(g) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(h) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC, Euroclear, Clearstream or any other depository for the Notes;

(i) make any other change that does not materially and adversely affect the rights of any Holder of Notes;

(j) conform the text of the Indenture, the Notes, the Deeds of Guarantee, the Guarantees or the Security Documents to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Deeds of Guarantee, the Guarantees or the Security Documents;

(k) provide for the assumption by a successor entity of the obligations of the Issuer or any Guarantor under the Indenture, the Notes, the Deeds of Guarantee, the Security Documents or the Guarantees in accordance with "—Certain covenants—Merger and Consolidation"; or

(l) evidence and provide for the acceptance of an appointment under the Indenture and the Security Documents of a successor trustee; *provided* that the successor trustee is otherwise qualified and eligible to act as such under the terms of the Indenture and the Security Documents.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Deeds of Guarantee or any Security Document may be made by the Issuer, the Parent Guarantor (if party to the Indenture), the Subsidiary Guarantors (if party to the

Indenture), the Collateral Agent and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer, the Parent Guarantor (if party to the Indenture) or the Subsidiary Guarantors (if party to the Indenture) with any provision of the Indenture, the Notes, the Deeds of Guarantee or the Guarantees; *provided*, *however*, that no such modification, amendment or waiver may, without the consent of each Holder:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(b) reduce the principal amount of, or premium, if any, or interest on, any Note;

(c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;

(d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Guarantee;

(e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) release any Guarantor from its Guarantee, except as provided in the Indenture;

(h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(i) amend, change or modify any Guarantee or Deed of Guarantee in a manner that adversely affects the Holders;

(j) release any Collateral, except as provided in the Indenture and the Security Documents;

(k) amend, change or modify any provision of any Security Document or any provision of the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture or such Security Document;

(l) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale whether through an amendment or waiver of provisions in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the Notes under "—Limitation on Asset Sales";

(m) change the redemption date or the redemption price of the Notes from that stated under "—Optional Redemption" or "—Redemption for Taxation Reasons";

(n) amend, change or modify the obligation of the Issuer or any Guarantor to pay Additional Amounts; or

(o) amend, change or modify any provision of the Indenture, the Security Documents or the related definition affecting the ranking of the Notes or any Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required under the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, stockholder, officer, commissioner, director, employee or controlling person of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Guarantees. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee, the Collateral Agent, the Paying Agent, Registrar and Transfer Agent

The Bank of New York Mellon is to be appointed as Trustee under the Indenture, and will also be appointed as transfer agent (the "Transfer Agent"), paying agent (the "Paying Agent") and registrar (the "Registrar") with regard to the Notes and The Bank of New York Mellon, Singapore Branch is to be appointed as Collateral Agent (together with the Transfer Agent, the Paying Agent and the Registrar, the "Agents") with regard to the Collateral under the Security Documents. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture, the Notes and the Security Documents, as the case may be, and no implied covenants or obligations shall be read into the Indenture, the Notes and the Security Documents against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture, the Notes and the Security Documents, as the case may be, as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. Pursuant to the terms of the Indenture, the Security Documents or the Notes (as the case may be), the Issuer will reimburse the Trustee for all fees and expenses (including indemnity payments) incurred.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions with the Parent Guarantor and its Affiliates; *provided*, *however*, that if it acquires any conflicting interest that may have a materially prejudicial effect upon the Holders of the Notes, it must eliminate such conflict or resign. The Trustee and the Agents may have an interest in, may be providing, or may in the future provide financial or other services to other parties.

Notwithstanding anything to the contrary herein, whenever the Trustee is required or entitled by the terms of the Indenture to exercise any discretion or power, take any action of any nature, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to solicit Holders for direction, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or the non-exercise of such discretion or power, or not taking any such action or making any such decision or giving any such direction or certification in the absence of any such directions from Holders. In any event, and as provided elsewhere herein, even where the Trustee has been directed by the Holders, the Trustee shall not be required to exercise any such discretion, power or take any such action as aforesaid unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

The Collateral Agent, acting in its capacity as such, shall have such duties with respect to the Collateral charged, assigned or granted pursuant to the Security Documents as are set forth in the Security Documents. Each Holder, by accepting the Note will agree, for the benefit of the Trustee and the Collateral Agent, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Notes, the Indenture and the Security Documents and has not relied on and will not at any time rely on the Trustee or the Collateral Agent in respect of such risks.

The Trustee and the Collateral Agent will be under no obligation to exercise any rights or powers conferred under the Indenture at the written request or direction of the Holders unless such Holders have offered to the Trustee and the Collateral Agent indemnity and/or security satisfactory and/or prefunding to the Trustee and the Collateral Agent against any loss, liability or expense that might be incurred by it in compliance with such request or direction. With respect to a request or direction from Holders to enforce the Deed of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Guarantors or any other Person, security and indemnity shall include, without limitation (and without limiting the Trustee's ability to accept other forms of security and/or indemnity), prefunding by the requesting Holders of an account in the name of the Trustee in such amounts as the Trustee determines in its sole discretion. The foregoing prefunding requirements shall be in addition, and subject in all respects, to any other requirements of the Trustee regarding the indemnity and security to be provided to it in connection with any such enforcement request, including requirements regarding the creditworthiness of the requesting Holders.

The Trustee shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee shall not be deemed to have knowledge of any event unless it has been actually notified in writing of such event. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification or legal opinion submitted to it by the Issuer or the Parent Guarantor and is entitled to rely exclusively on, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer or the Parent Guarantor in the fulfillment of the Issuer's or the Parent Guarantor's obligations under the Indenture and the Security Documents.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer or the Parent Guarantor in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders.

The Trustee and the Collateral Agent are entitled to rely on all instructions, notices, declarations and certifications received pursuant to the Indenture and the Security Documents without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Issuer or any other persons unless otherwise specified in the Indenture.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream Luxembourg.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note" and together with the

Regulation S Global Notes, the "Global Notes") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream Luxembourg will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream Luxembourg.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, the Parent Guarantor nor any of the Subsidiary Guarantors, the Trustee nor any of the Agents nor the Collateral Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Parent Guarantor, any of the Subsidiary Guarantors, the Trustee, the Agents or the Collateral Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions", in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions", in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream Luxembourg have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream Luxembourg. Euroclear and Clearstream Luxembourg hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream Luxembourg interface with domestic securities markets. Euroclear and Clearstream Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

None of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations, including rules and procedures relating to book-entry interests.

Initial Settlement

Initial settlement of the Notes will be made in immediately available funds. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) Luxembourg must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Luxembourg Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream Luxembourg participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Luxembourg participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Luxembourg participants and Euroclear participants may not deliver instructions directly to the U.S. depositaries.

Because of time zone differences, credits of Notes received in Clearstream Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream Luxembourg participants or Euroclear participants on such Business Day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream Luxembourg participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the Business Day following settlement in DTC.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer, the Parent Guarantor or any Subsidiary Guarantor) addressed to the Issuer, the Parent Guarantor or such Subsidiary Guarantor at the registered office of the Parent Guarantor, or (if intended for the Trustee) addressed to the Trustee, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer, the Parent Guarantor and each of the Subsidiary Guarantors will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The

City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Guarantee or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York. The Security Documents will be governed by the laws of the Republic of Singapore.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"*2022 Issuer*" means Medco Strait Services Pte. Ltd.

"*2022 Intercompany Loans*" means the loan in U.S. dollars between the Parent Guarantor and Medco Natuna Pte. Ltd., as borrowers, and the 2022 Issuer, as lender, pursuant to intercompany loan agreements entered into, for an aggregate amount equal to at least the net proceeds of the offering of the 2022 Notes.

"*2022 Notes*" means the 8.50% Senior Notes due 2022 issued by the 2022 Issuer.

"*2022 Notes Guarantees*" means the guarantees by the Guarantors of the due and punctual payment of all sums from time to time payable by the 2022 Issuer in respect of its obligations under the 2022 Notes.

"*2022 Original Issue Date*" means August 17, 2017.

"*2025 Intercompany Loans*" means the loans in U.S. dollars between the 2025 Issuer, as lender, and Far East Energy Trading Pte. Ltd. and/or Medco Strait Services Pte. Ltd., as borrowers, and between Far East Energy Trading Pte. Ltd. and/or Medco Strait Services Pte. Ltd., as lenders, and the Parent Guarantor, as borrower, pursuant to intercompany loan agreements entered into, for an aggregate principal amount equal to at least the net proceeds of the 2025 Notes, less the amount applied to fund the interest reserve account in respect of the 2025 Notes.

"*2025 Issuer*" means Medco Platinum Road Pte. Ltd.

"*2025 Notes*" means the 6.75% Senior Notes due 2025 issued by the 2025 Issuer.

"*2025 Notes Guarantees*" means the guarantees by the Guarantors of the due and punctual payment of all sums from time to time payable by the 2025 Issuer in respect of its obligations under the 2025 Notes.

"*Acquired Indebtedness*" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"*Acquisition*" means the acquisition by Medco Energi Global Pte. Ltd of all of the Target Shares.

"*Acquisition Escrow Release Date*" means the date of the release of Acquisition Escrowed Funds pursuant to an Acquisition Release to pay the consideration, and fees and expenses relating to, the Acquisition (including by way of deposit into an account to fund Option Consideration).

"*Adjusted Treasury Rate*" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after May 14, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"*Affiliate*" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (ii) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition; or (iii) who is a spouse or any person cohabiting as a spouse, child, parent, brother, sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (i) or (ii). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Applicable Premium*" means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on May 14, 2023 (such redemption price being described in the first paragraph in the "—Optional Redemption" section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through May 14, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

"*Asset Acquisition*" means (i) an Investment by the Parent Guarantor or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary, or (ii) an acquisition by the Parent Guarantor or any Restricted Subsidiary of the property and assets of any Person other than the Parent Guarantor or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"*Asset Sale*" means any sale, transfer or other disposition of any of its property or assets (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Parent Guarantor or any Restricted Subsidiary to any Person; *provided* that "*Asset Sale*" will not include:

(a) any sale, transfer or other disposition of inventory, receivables and other current assets (including oil and gas (whether for immediate delivery, advance or prepaid sales or otherwise)) in the ordinary course of business;

(b) any sale, transfer or other disposition of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments";

(c) any sale, transfer or other disposition of assets with a Fair Market Value not in excess of US$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Parent Guarantor or its Restricted Subsidiaries;

(e) any sale, transfer or other disposition deemed to occur in connection with creating or granting any Lien not prohibited by the "Certain Covenants—Limitations on Liens" covenant;

(f) a transaction covered by the covenant under the caption "—Consolidation, Merger and Sale of Assets";

(g) the sale, transfer or other disposition of Cash Equivalents in the ordinary course of business;

(h) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(i) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property in the ordinary course of business which do not materially interfere with the business of Parent Guarantor and the Restricted Subsidiaries; and

(j) any sale, transfer or other disposition of any assets by the Parent Guarantor or any Restricted Subsidiary to the Parent Guarantor or to a Subsidiary Guarantor.

"*Attributable Indebtedness*" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP.

"*Average Life*" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms "*Beneficially Owns*" and "*Beneficially Owned*" will have a corresponding meaning.

"*Board of Directors*" means the board of directors of the Parent Guarantor elected or appointed by the stockholders of the Parent Guarantor to manage the business of the Parent Guarantor or any committee of such board duly authorized to take the action purported to be taken by such committee.

"*Board Resolution*" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Hong Kong, Singapore or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on

the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"*Capitalized Lease*" means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"*Capitalized Lease Obligations*" means the discounted present value of the rental obligations under a Capitalized Lease.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, to any "person" within the meaning Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Parent Guarantor consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Parent Guarantor, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Parent Guarantor or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Parent Guarantor outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) (i) the Permitted Holders cease to be the Beneficial Owner, directly or indirectly, of at least 30% in the aggregate of the voting power of the Voting Stock of the Parent Guarantor, or (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of a larger percentage of the voting power of such Voting Stock than the Permitted Holders;

(4) individuals who on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) constituted the Board of Directors (together with any new directors whose election was approved by (i) a vote of at least a majority of the members of the Board of Directors then in office who were members of the Board of Directors on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) or whose election was previously so approved) or (ii) a vote of at least a majority of the members of the nominating committee of the Board of Commissioners, cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor. "*Clearstream*" means Clearstream Banking S.A. or any successor thereof.

"*Commencement Date*" means January 30, 2018, being the original issue date of the 2025 Notes.

"*Commodity Agreement*" means any forward or futures contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices and not for speculation.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Original Issue Date or, the Acquisition Escrow Release Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

"*Companies Act*" means the Companies Act 2006 of the United Kingdom, as amended from time to time.

"*Comparable Treasury Issue*" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to May 14, 2023.

"*Comparable Treasury Price*" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such redemption date.

"*Consolidated EBITDA*" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets);

(3) depreciation expense and amortization expense (excluding any depreciation and amortization expense with respect to Decommissioning Obligations and Reclassified Lease Obligations); and

(4) all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Parent Guarantor and its Restricted Subsidiaries in conformity with GAAP; *provided* that if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Parent Guarantor or any Restricted Subsidiary.

"*Consolidated Fixed Charges*" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock of the Parent Guarantor or Preferred Stock of any Restricted Subsidiary held by Persons other than the Parent Guarantor or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Parent Guarantor's Capital Stock (other than Disqualified Stock).

"*Consolidated Interest Expense*" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Parent Guarantor and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees) to the extent, but only to the extent in respect of interest rate or currency protection in respect of Indebtedness (net of payments received under such Hedging Obligations), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Parent Guarantor or any Restricted Subsidiary or secured by a Lien on assets of the Parent Guarantor or any Restricted Subsidiary proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest and (viii) all other non-cash interest expense; *provided* that (x) interest expense attributable to interest on

any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period and (y) all interest, accretion, amortization or unwinding of discounts with respect to Decommissioning Obligations or Reclassified Lease Obligations shall be excluded from Consolidated Interest Expense.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items will be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Parent Guarantor or any Restricted Subsidiary;

(3) the net income (but not loss) of any Restricted Subsidiary which is not a Subsidiary Guarantor (or the Issuer) to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains or losses realized on the sale or other disposition of (A) any property or assets of the Parent Guarantor or any Restricted Subsidiary which is not sold in the ordinary course of business or (B) any Capital Stock of any Person (including any gains or losses by the Parent Guarantor realized on sales of Capital Stock of the Parent Guarantor or any Restricted Subsidiary);

(6) any translation gains or losses due solely to fluctuations in currency values and related tax effects;

(7) any income or loss from the early extinguishment of Indebtedness or early termination of Hedging Obligations or other derivative instruments or any gains or losses from the effect of mark-to-market adjustments relating to Hedging Obligations until realized in cash; and

(8) any net after-tax extraordinary or non-recurring gains or losses;

provided that Consolidated Net Income shall without duplication (x) exclude interest, accretion, depreciation, amortization or unwinding of discounts with respect to Decommissioning Obligations or Reclassified Lease Obligations to the extent otherwise included therein but only to the extent such items would not have been included in the calculation of Consolidated Net Income under GAAP as in effect on the Original Issue Date and (y) subject to the exclusions set forth in (1) to (8) above and only to the extent the following items would have been included in the calculation of Consolidated Net Income under GAAP as in effect on the Original Issue Date, include expenses for lease payments (net of any reversals or credits thereto) in respect of Reclassified Lease Obligations and expenses (including related provision) (net of any reversals or credits thereto) for Decommissioning Obligations, relating to such period.

"*Consolidated Net Worth*" means, at any date of determination, stockholders' equity as set forth on the most recently available annual, semi-annual or quarterly consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Parent Guarantor, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for

Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Parent Guarantor or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

"*Consolidated Priority Indebtedness*" means, without duplication, (a) any Indebtedness of any Restricted Subsidiary (other than the Issuer, a Subsidiary Guarantor or a Finance Subsidiary) other than (i) Indebtedness of a Wholly-Owned Subsidiary of a Finance Subsidiary secured by Liens described in paragraph (21) of the definition of "Permitted Liens," (ii) Indebtedness outstanding under clause (b)(3), (b)(5), (b)(6), (b)(7), (b)(8), (b)(9), (b)(10) or (b)(13) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock," and (b) any Secured Indebtedness of the Issuer or a Guarantor, other than (i) the Notes and the Guarantees, (ii) Indebtedness of any Guarantor to the extent secured by Liens described in paragraph (21) of the definition of "Permitted Liens" and (iii) Indebtedness Incurred under clause (b)(3), (b)(5), (b)(6), (b)(7), (b)(8), (b)(9), (b)(10) or (b)(13) or (b)(4) (to the extent such Refinancing Indebtedness was Incurred or previously Incurred under the foregoing clauses) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock."

"*Court*" means the High Court of Justice in England and Wales.

"*Currency Agreement*" means any foreign exchange forward contract, currency swap agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates and not for speculation.

"*Decommissioning Obligations*" means the obligations of the Parent Guarantor or any Restricted Subsidiary with respect to asset retirement, decommissioning or restoration of production facilities, oil and gas properties or other assets used or useful in a Permitted Business.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "—Certain Covenants—Limitation on Asset Sales" and "—Repurchase of Notes upon a Change of Control" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of the Notes as are required to be repurchased pursuant to the "—Certain Covenants—Limitation on Asset Sales" and "—Repurchase of Notes Upon a Change of Control" covenants.

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bank Indonesia or its successor on the date of determination.

"*DTC*" means The Depository Trust Company and its successors.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any underwritten public offering or private placement of Common Stock (or options, warrants or rights related to Common Stock) of the Parent Guarantor after the Original Issue Date to any Person other than to a Wholly Owned Restricted Subsidiary or any Permitted Holder; *provided* that the aggregate gross cash proceeds received by the Parent Guarantor from such transaction will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"*Euroclear*" means Euroclear Bank SA/NV, as operator of the Euroclear System, or any successor thereof.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Excluded Subsidiary*" means (i) any Subsidiary of the Parent Guarantor that is prohibited from becoming a Guarantor under applicable law, (ii) any Subsidiary of the Parent Guarantor of whose outstanding Capital Stock the Parent Guarantor, together with its Affiliates, own less than 90%; (iii) each of PT Medco E&P Malaka, PT Medco E&P Tomori Sulawesi, Medco E&P Natuna Ltd., PT Medco E&P Bangkanai, Bangkanai Petroleum (L) Bhd. (Labuan), PT Medco E&P Kampar, PT Medco E&P Kalimantan, PT Medco E&P Merangin, PT Medco E&P Nunukan, PT Medco E&P Sembakung, PT Medco CBM Indonesia, PT Medco CBM Sekayu, PT Medco CBM Pendopo, PT Medco CBM Bengara, PT Medco CBM Lematang, PT Medco CBM Rimau, PT Medco Downstream Indonesia, PT Medco Services Indonesia, PT Medco LPG Kaji, PT Medco Methanol Bunyu, PT Medco Ethanol Lampung, Fortico International Limited, Medco Petroleum Services Ltd., Medco Simenggaris Pte. Ltd., Medco Madura Pty. Ltd., Sulawesi E&P Ltd., Medco Far East Ltd., Medco Energi (BVI) Ltd., Kuala Langsa (Block A) Ltd., Far East Trading Ltd., Medco Yemen Holding Ltd., Medco Yemen Amed Ltd., Medco Yemen Malik Ltd., Medco International Services Pte. Ltd., Medco International Petroleum Ltd, Medco Tunisia Petroleum Ltd., Medco Ventures International (Barbados), Medco Sahara Ltd., Medco Asia Pacific Limited, Medco International Enterprise Ltd., Medco Energi USA, Inc., Medco Energi US, LLC, Medco Petroleum Management LLC and MEI Euro Finance Ltd; and (iv) any Restricted Subsidiary with no Indebtedness and total assets of not more than US$10,000.0, *provided* that at any time while any Notes are outstanding, the Restricted Subsidiaries which are "Excluded Subsidiaries" pursuant to this clause (iv) shall not have total assets of more than US$1.0 million in aggregate.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

"*Finance Subsidiary*" means a Wholly Owned Restricted Subsidiary of the Parent Guarantor or another Finance Subsidiary (other than the Issuer) (i) the operations of which are primarily comprised of Incurring Indebtedness to Persons other than the Parent Guarantor or any of its Subsidiaries from time to time to finance the operations of the Parent Guarantor and/or its Restricted Subsidiaries and other activities incidental, related to or ancillary to such operations; and (ii) which conducts no business and owns no material assets other than (w) any Equity Interests in another Finance Subsidiary, (x) intercompany loans or other securities representing the proceeds of Indebtedness described in clause (i), (y) any such debt obligations upon a repurchase, redemption or other acquisition thereof and prior to cancellation thereof, and (z) cash or Temporary Cash Investments held for purposes similar to those for which the Issuer is permitted to hold cash and Temporary Cash Investments under the covenant "Certain Covenants—Limitation on the Issuer."

"*Fitch*" means Fitch Ratings Ltd. and its affiliates.

"*Fixed Charge Coverage Ratio*" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(A) *pro forma* effect will be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness

or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement); *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Parent Guarantor or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) pro forma effect will be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(D) pro forma effect will be given to Asset Sales and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Sale) that occur during such Reference Period and any Asset Acquisition that is to be made using all or a portion of the proceeds of the Indebtedness being Incurred (which may include the application of any such proceeds to Refinance Indebtedness assumed in connection with, or of any Person (or any of its Subsidiaries) acquired (including by merger or consolidation) in, such Asset Acquisition), in each case, as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(E) pro forma effect will be given to asset sales and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset sale) that have been made by any Person that has become a Restricted Subsidiary or has been merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary during such Reference Period or is expected to become a Restricted Subsidiary or be merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary under an Asset Acquisition to be made using all or a portion of the proceeds of the Indebtedness being Incurred (which may include the application of any such proceeds to Refinance Indebtedness assumed in connection with, or of any Person (or any of its Subsidiaries) acquired (including by merger or consolidation) in, such Asset Acquisition), and that in any such case would have constituted Asset Sales or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset sales or asset acquisitions were Asset Sales or Asset Acquisitions that occurred on the first day of such Reference Period; *provided* that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Sale (or asset acquisition or asset sale), such pro forma calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"*Four Quarter Period*" means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor will use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available and have been provided to the Trustee.

"*GAAP*" means generally accepted accounting principles in the Republic of Indonesia as in effect from time to time. All ratios and computations contained or referred to in the Indenture will be computed in conformity with GAAP applied on a consistent basis.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the

foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"*Guarantees*" means the Parent Guarantee and the Subsidiary Guarantees.

"*Hedging Obligation*" of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

"*Holder*" means the Person in whose name a Note is registered in the Note register.

"*Incur*" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"*Indebtedness*" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations;

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends; and

(10) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person.

The amount of Indebtedness of any Person at any time will be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(C) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

Notwithstanding the foregoing, "Indebtedness" shall not include any Decommissioning Obligations or Reclassified Lease Obligations.

"*Initial Guarantees*" means to the Guarantees as of the Original Issue Date or the Acquisition Escrow Release Date, as applicable.

"*Initial Guarantors*" means to (i) the Guarantors as of the Original Issue Date, if the Scheme Effective Date has occurred on or prior to the Original Issue Date; or (ii) the Guarantors as of the Acquisition Escrow Release Date, if the Scheme Effective Date occurs after the Original Issue Date.

"*Intercompany Loans*" means the loans in U.S. dollars between Medco Energi Global Pte. Ltd. or the Parent Guarantor or another Restricted Subsidiary, as borrower, and the Issuer, as lender, pursuant to intercompany loan agreements as may be entered into, for an aggregate amount equal to at least the net proceeds of the offering of the Notes (or as applicable, any Additional Notes), less the amount required to fund the Interest Reserve Account with respect to outstanding Notes and any amounts used for a Special Mandatory Redemption of Notes.

"*Interest Rate Agreement*" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"*Investment*" means:

(i) any direct or indirect advance, loan or other extension of credit to another Person;

(ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;

(iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or

(v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries" and "—Certain Covenants—Limitation on Restricted Payments" covenants: (i) the Parent

Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Parent Guarantor's proportionate interest in the assets (net of the Parent Guarantor's proportionate interest in the liabilities owed to any Person other than the Parent Guarantor or a Restricted Subsidiary and that are not guaranteed by the Parent Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"*Investment Grade*" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA," "AA," "A," "BBB," as modified by a "+" or "-" indication, or a rating of "AAA," "AA," "A," or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns.

"*Lien*" means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"*Major Covenant*" means the covenants described under the captions below with respect to the Issuer and each Initial Guarantor (and excluding any obligations of the Issuer or any Initial Guarantor to procure compliance with such covenants by any of their Subsidiaries (other than the Issuer or an Initial Guarantor) or the Target or any of Target's Subsidiaries):

(1) "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(2) "—Certain Covenants—Limitation on Restricted Payments";

(3) "—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(4) "—Certain Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(5) "—Certain Covenants—Limitation on Liens" insofar as it relates to Liens voluntarily created by the Issuer or an Initial Guarantor;

(6) "—Certain Covenants—Limitation on Asset Sales";

(7) "—Certain Covenants—Limitation on the Parent Guarantor's Business Activities"; and

(8) "—Certain Covenants—Limitation on the Issuer".

"*Major Default*" means with respect to the Issuer and each Initial Guarantor (and for the avoidance of doubt, not with respect to any of their Subsidiaries (other than the Issuer or an Initial Guarantor) or the Target or any of Target's Subsidiaries) any Event of Default described under clause (a), (b), (c)(in respect of covenants described under the caption "—Consolidation, Merger and Sale of Assets" only), (d)(in respect of a Major Covenant only), (g), (h), (i), (j)(insofar as such Event of Default would result in a Material Adverse Effect), (l), (m)(insofar as such Event of Default would result in a Material Adverse Effect) or (p) under the heading "Events of Default".

"*Material Adverse Effect*" means any event, circumstance or condition that has had a materially adverse effect on (i) the business, operations, assets or financial condition of the Parent Guarantor and its Subsidiaries, taken as a whole, (ii) the ability of the Issuer and the Guarantors to perform their payment obligations under the Notes and the Guarantees or (iii) the rights and remedies of the Holders under the Notes and the Indenture.

"*Moody's*" means Moody's Investors Service, Inc. and its affiliates.

"*MPI SLC*" means any guarantee or standby letter of credit guaranteeing the Parent Guarantor's committed equity contributions existing on the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) in PT Medco Power Indonesia of US$88.0 million.

"*Net Cash Proceeds*" means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:

  (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

  (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole;

  (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

  (4) appropriate amounts to be provided by the Parent Guarantor or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP, and amounts placed in escrow prior to termination of such escrow; and

(b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*Net Leverage Ratio*" means, on any Transaction Date, the ratio of (1) the aggregate amount of Indebtedness of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis outstanding on such Transaction Date, less cash and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis on such Transaction Date, to (2) the aggregate Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio" and "Permitted Priority Indebtedness" including, without limitation, giving pro forma effect to any Indebtedness Incurred, repaid or redeemed on such date and the receipt and application of any proceeds therefrom.

"*Note Documents*" means the Indenture, the Notes and the Guarantees.

"*Offer to Purchase*" means an offer to purchase the Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis, subject to the provisos in clause (7) and the penultimate paragraph of this definition;

(2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the tender agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the tender agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will deposit with the tender agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Issuer or the Parent Guarantor for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will (a) accept for payment on a pro rata basis (subject to the proviso in the next sentence) Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor. The tender agent will as soon as reasonably practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee will as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Indenture governing the relevant Offer to Purchase, the Parent Guarantor and the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Guarantees by virtue of their compliance with such securities laws or regulations.

"*Officer*" means the managing director of the Issuer, in the case of the Issuer, or one of the executive officers of the Parent Guarantor, in the case of the Parent Guarantor or, in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

"*Officers' Certificate*" means a certificate signed by two Officers, one of whom is, in the case of the Issuer, a managing director.

"*Opinion of Counsel*" means a written opinion from legal counsel who is acceptable to the Trustee and that meets the requirements of the Indenture.

"*Option Consideration*" means an amount necessary to redeem any options in connection with the Target Shares.

"*Original Issue Date*" means the date on which the Notes are originally issued under the Indenture.

"*Parent Guarantee*" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by the Parent Guarantor.

"*Permitted Business*" means (i) any business conducted or proposed to be conducted (as described in the Offering Circular) by the Parent Guarantor and its Subsidiaries on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), (ii) extraction, refinement, trading and sale of oil and gas, (iii) power generation and transmission and (iv) mining and any other business reasonably related, ancillary or complementary to any such business.

"*Permitted Holders*" means any or all of the following:

(1) Arifin Panigoro and Hilmi Panigoro;

(2) any spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister of any of the persons named in clause (1);

(3) any Affiliate (other than an Affiliate as defined in clause (ii) of the definition of "Affiliate") of the Person specified in clause (1); and

(4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (1) and (2).

"*Permitted Investment*" means:

(1) any Investment in the Parent Guarantor, the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP and not in excess of US$2.0 million (or the Dollar Equivalent thereof) outstanding at any time;

(4) loans or advances to directors, commissioners, officers and employees of the Parent Guarantor or any of its Restricted Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed US$10.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

(5) stock, obligations or securities received in satisfaction of judgments;

(6) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(7) any Investment pursuant to a Hedging Obligation designed solely to protect the Parent Guarantor or any Restricted Subsidiary against fluctuations in interest rates, foreign currency exchange rates or commodity prices and not for speculation;

(8) receivables owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(9) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Sales made in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Asset Sales";

(10) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business, (y) provided to third parties with respect to purchases, construction, development, installation, improvement or replacement of machinery, equipment (including spare parts), land, mining interests, oil and gas properties, working interests, power plant facilities or other assets used in the Permitted Business, or (z) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "—Certain Covenants—Limitation on Liens";

(11) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of a Permitted Business that are recorded as deposits or prepaid expenses on the Parent Guarantor's consolidated balance sheet;

(12) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

(13) deposits made in order to secure the performance of the Parent Guarantor or any Restricted Subsidiary in connection with the direct or indirect acquisition of land, mining interests, oil and gas properties, working interests, power plant facilities by the Parent Guarantor or any Restricted Subsidiary, in each case, in the ordinary course of a Permitted Business;

(14) Investments in securities of trade creditors, trade debtors or customers received in compromise or settlement of debts or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(15) guarantees of Indebtedness made in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(16) repurchases of the Notes;

(17) advance or prepaid sales of oil and gas in the ordinary course of business;

(18) advances of expenses to counterparties under joint operating agreements or similar agreements in the ordinary course of business;

(19) other Investments by the Parent Guarantor or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary) engaged in a Permitted Business, *provided* that the aggregate of all Investments made under this clause (19) since the 2025 Original Issue Date shall not exceed in aggregate an amount equal to the lesser of (i) US$300 million (or the Dollar Equivalent thereof) and (ii) 15% of Total Assets (treating any investment or reduction in investment pursuant to the corresponding basket of the 2025 Notes prior to the Original Issue Date (or, if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) as an Investment or a reduction in Investments for the purposes of this clause (19)). Such aggregate amount of Investments shall be

calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) (including such corresponding basket) since the 2025 Original Issue Date resulting from:

(A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (or under the equivalent clause in the definition of "permitted investment" under the indenture relating to the 2025 Notes), in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

(B) the unconditional release of a Guarantee provided by the Parent Guarantor or a Restricted Subsidiary after the 2025 Original Issue Date under this clause (or under the equivalent clause in the definition of "permitted investment" under the indenture relating to the 2025 Notes) of an obligation of any such Person,

(C) to the extent that an Investment made after the 2025 Original Issue Date under this clause (19) (or under the equivalent clause in the definition of "permitted investment" under the indenture relating to the 2025 Notes) is sold or disposed of (including by way of merger or consolidation) or otherwise liquidated or repaid for cash, the lesser of cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or

(D) any such Person becoming a Restricted Subsidiary (whereupon all Investments made by the Parent Guarantor or any Restricted Subsidiary in such Person since the 2025 Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" (and for persons becoming a restricted subsidiary under the indenture for the 2025 Notes prior to the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), all Investments in such Person shall be deemed to have been made under the equivalent clause of the definition of "permitted investments" in such indenture)),

not to exceed, in each case, the amount of Investments made by the Parent Guarantor or a Restricted Subsidiary after the 2025 Original Issue Date in any such Person pursuant to this clause (19) or the equivalent clause of the definition of "permitted investments" in the indenture for the 2025 Notes; and

(20) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (20) since the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date), not to exceed US$5.0 million.

"*Permitted Liens*" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with GAAP will have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent Guarantor or its Restricted Subsidiaries, taken as a whole;

(5) Liens encumbering property or assets in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Parent Guarantor or any Restricted Subsidiary arising from progress or partial payments by a customer of the Parent Guarantor or its Restricted Subsidiaries relating to such property or assets;

(6) any interest or title of a lessor in the property subject to any operating lease;

(7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets acquired (plus improvements and appurtenances thereto); provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(8) Liens in favor of the Parent Guarantor, the Issuer or any Subsidiary Guarantor;

(9) Liens arising from attachment or the rendering of a final judgment or order against the Parent Guarantor or any Restricted Subsidiary that does not give rise to an Event of Default;

(10) Liens existing on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, on the Acquisition Escrow Release Date);

(11) Liens securing Indebtedness which is Incurred to Refinance secured Indebtedness which is permitted to be Incurred under clause (b)(4) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock"; *provided* that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being Refinanced (plus improvements and appurtenances thereto);

(12) Liens (including extensions and renewals thereof) upon real or personal property acquired after the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date); *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness Incurred under clause (b)(10) of the covenant described under the caption "—Limitation on Indebtedness and Preferred Stock," (b) such Lien is created prior to, at the time of or within 90 days after the later of the acquisition or the completion of development, construction or improvement of such property, (c) the principal amount of Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement, (d) such Lien shall not extend to or cover any property or assets other than such item of property and any development, construction or improvements on such item; *provided* that, such Lien may cover Capital Stock of a Person constructing, acquiring, developing or improving such item;

(13) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Parent Guarantor or any Restricted Subsidiary;

(14) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(5) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness and Preferred Stock";

(15) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;

(16) Liens on deposits made in order to secure the performance of the Parent Guarantor or any Restricted Subsidiary in connection with the acquisition of oil and gas properties, working interests, mining

properties, power plants or other Replacement Assets by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;

(17) Liens securing Notes (including Additional Notes) under the Indenture or the Security Documents;

(18) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(19) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(20) Liens on current assets to secure Indebtedness permitted under clause (b)(13) under the caption "Limitation on Indebtedness and Preferred Stock";

(21) Liens on (i) Capital Stock of a Finance Subsidiary (other than the Issuer) and any intercompany loans or advances from such Finance Subsidiary to the Parent Guarantor or any Restricted Subsidiary, (ii) Capital Stock of a Wholly Owned Subsidiary of a Finance Subsidiary and on any intercompany loans or advances made by such Wholly Owned Subsidiary to the Parent Guarantor or any Restricted Subsidiary representing the proceeds of Indebtedness Incurred by such Finance Subsidiary; and (iii) any interest reserve, debt service reserve or similar account used to service interest payments or debt obligations with respect to such Indebtedness or any escrow account holding all or any part of the proceeds of such Indebtedness (and investment returns thereon), in each case securing Indebtedness of such Finance Subsidiary (and guarantees by the Parent Guarantor or Subsidiary Guarantors of such Indebtedness) permitted to be Incurred under the covenant described under the caption entitled "—Certain Covenants—Limitation on Indebtedness";

(22) Liens on land or other assets ("Replacement Collateral") securing Indebtedness, which Liens are Incurred to replace Liens on other land or other assets ("Existing Collateral") securing the same Indebtedness (or in the case of revolving Indebtedness, securing not more than the amount of Indebtedness secured by the Existing Collateral), *provided* that (i) the Liens on the Existing Collateral are released substantially concurrently with the Incurrence of the Liens on the Replacement Collateral; and (ii) the Fair Market Value of the Replacement Collateral is not more than the Fair Market Value of the Existing Collateral at such time;

(23) Liens on advances, security deposits and pre-payments made by customers in connection with the purchase of oil and gas, or real or personal property in the ordinary course of business;

(24) Liens securing Permitted Priority Indebtedness; and

(25) Other Liens securing obligations in an aggregate amount not exceeding US$2.0 million,

provided that for purposes of the Collateral, Permitted Liens shall mean Liens described in clauses (1), (2), (9), (15), (17), (19) and (21) above only.

"*Permitted Priority Indebtedness*" means any Consolidated Priority Indebtedness, *provided* that, on the date of Incurrence of such Indebtedness, and after giving pro forma effect thereto and the application of the proceeds thereof, the aggregate Consolidated Priority Indebtedness then outstanding would be no greater than 20.0% of Total Assets. In making the foregoing calculations, the amount of Permitted Priority Indebtedness, Consolidated Priority Indebtedness and Total Assets as of any date of determination shall be as set forth on the most recently available quarterly consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner and which may be internal financial statements), calculated on a pro forma basis to give effect to the following events occurring subsequent to the date of the most recently available quarterly consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries (the "Reference Date"):

(a) pro forma effect shall be given to any Consolidated Priority Indebtedness Incurred, repaid or redeemed since the Reference Date;

(b) pro forma effect shall be given to the provision of any Liens on Indebtedness since the Reference Date that would result in such Indebtedness becoming Consolidated Priority Indebtedness, or the release of any Liens since the Reference Date that would result in any Consolidated Priority Indebtedness ceasing to meet the definition of Consolidated Priority Indebtedness;

(c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries since the Reference Date;

(d) pro forma effect shall be given to the creation or designation of any new Non-Guarantor Restricted Subsidiaries since the Reference Date, and the recharacterization of any Indebtedness of such entities as Consolidated Priority Indebtedness;

(e) pro forma effect shall be given to Asset Sales and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Sales) since the Reference Date, and any Asset Acquisitions that are to be made using all or a portion of the proceeds of the Indebtedness being Incurred (which may include the application of any such proceeds to Refinance Indebtedness assumed in connection with, or of any Person (or any of its Subsidiaries) acquired (including by merger or consolidation) in, such Asset Acquisition); and

(f) pro forma effect shall be given to asset sales and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset sale) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Parent Guarantor or any Restricted Subsidiary since the Reference Date or is expected to become a Restricted Subsidiary or be merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary under an Asset Acquisition to be made using all or a portion of the proceeds of the Indebtedness being Incurred (which may include the application of any such proceeds to Refinance Indebtedness assumed in connection with, or of any Person (or any of its Subsidiaries) acquired (including by merger or consolidation) in, such Asset Acquisition), and that in any such case would have constituted Asset Sales or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset sales or asset acquisitions were Asset Sales or Asset Acquisitions.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"*Rating Agencies*" means (i) Moody's, (ii) S&P and (iii) Fitch.

"*Rating Date*" means in connection with actions contemplated under the caption "—Consolidation, Merger and Sale of Assets," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"*Rating Decline*" means in connection with actions contemplated under the caption "—Consolidation, Merger and Sale of Assets," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three Rating Agencies shall cease to be Investment Grade;

(b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such two Rating Agencies shall cease to be Investment Grade;

(c) in the event the Notes are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall cease to be Investment Grade; or

(d) in the event the Notes are rated below Investment Grade by all of the Rating Agencies that have rated the Notes on the Rating Date, the rating of the Notes by any such Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) or the Notes shall otherwise cease to maintain at least as high a rating from any such Rating Agency as it held on the Ratings Date.

"*Reclassified Lease Obligations*" means obligations of the Parent Guarantor or a Restricted Subsidiary (not being Attributable Indebtedness) that as of the Original Issue Date are, or if they had been outstanding as of the Original Issue Date would have been, classified as operating leases under GAAP, but as a result of IFRS 16 to be implemented by PSAK 73 (or any equivalent or successor provisions thereto) are classified under GAAP as Capital Lease Obligations following such implementation.

"*Reference Period*" means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

"*Reference Treasury Dealer*" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"*Refinance*" means in respect of any Indebtedness, to refinance, refund, replace, exchange, renew, repay, prepay, purchase, defease, discharge or extend or issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinancing, "Refinances" and "Refinanced" shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that Refinances any Indebtedness of the Issuer or any Restricted Subsidiary existing on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) or Incurred in compliance with the Indenture including any Indebtedness that Refinances Refinancing Indebtedness; *provided*, *however*, that (i) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred to with original issue discount), the aggregate accreted value) then outstanding (plus premiums, accrued interest, fees, defeasance costs and expenses) under the Indebtedness being Refinanced, (ii) Indebtedness the proceeds of which are used to Refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or any Guarantee, shall only be permitted if (A) in case the Notes are Refinanced in part or the Indebtedness to be Refinanced is *pari passu* with the Notes or any Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Guarantee, as the case may be, or (B) in case the Indebtedness to be Refinanced is subordinated in right of payment to the Notes or any Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Guarantee, as the case may be, at least to the extent that the Indebtedness to be Refinanced is subordinated to the Notes or such Guarantee, as the case may be, (iii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be Refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life

of the Indebtedness to be Refinanced and (iv) in no event may Indebtedness of the Issuer or any Subsidiary Guarantor be Refinanced by means of any Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor; and (v) in no event may unsecured Indebtedness of the Issuer or any Guarantor be Refinanced with secured Indebtedness.

"*Restricted Subsidiary*" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"*Rule 2.7 Announcement*" means the press announcement in the form released by the Parent Guarantor and its Subsidiaries and the Target to announce a firm intention on the part of the Parent Guarantor and its Subsidiaries to make a proposal to acquire Target Shares on the terms of the Scheme in accordance with Rule 2.7 of the Takeover Code, as supplemented and/or corrected from time to time in accordance with the Takeover Code.

"*S&P*" means Standard & Poor's Ratings Services and its affiliates.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Parent Guarantor or any Restricted Subsidiary transfers such property to another Person and the Parent Guarantor or any Restricted Subsidiary leases it from such Person.

"*Scheme*" means an English law governed scheme of arrangement effected under Part 26 of the Companies Act proposed by the Target to its shareholders to implement the Acquisition.

"*Scheme Circular*" means a circular (including any supplementary circular) issued by the Target to its shareholders setting out the resolutions and proposals for and the terms of the Scheme.

"*Secured Indebtedness*" means any Indebtedness of the Issuer or a Guarantor secured by a Lien.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Security Documents*" means, collectively, the pledge or charge agreements and any other agreements or instruments that, including the Indenture, may evidence or create any security interest granted to the Collateral Agent for the benefit of itself, the Trustee and/or any Holders in any or all of the Collateral.

"*Senior Indebtedness*" of the Parent Guarantor or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Parent Guarantor or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date (or if the Scheme Effective Date has not occurred on or prior to the Original Issue Date, the Acquisition Escrow Release Date) or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of the Parent Guarantor, its Parent Guarantee or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (a) any obligation to the Parent Guarantor or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"*Stated Maturity*" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the

documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"*Subordinated Indebtedness*" means any Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"*Subsidiary*" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"*Subsidiary Guarantee*" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

"*Subsidiary Guarantor*" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"*Takeover Code*" means the UK City Code on Takeovers and Mergers, as administered by the Takeover Panel, as may be amended from time to time.

"*Takeover Panel*" means the UK Panel on Takeovers and Mergers.

"*Target*" means Ophir Energy plc, a public limited liability company incorporated in the United Kingdom with registered number 05047425.

"*Target Shares*" means all of the issued and to be issued ordinary shares of £0.0025 each of the Target.

"*Temporary Cash Investments*" means any of the following:

(1) direct obligations of the United States of America, Singapore or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America, Singapore or any agency thereof, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, the United Kingdom, Hong Kong or Singapore, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Parent Guarantor) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) any mutual fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit and money market deposits with (i) PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk, PT Bank Muamalat Indonesia Tbk, Standard Chartered Bank Singapore, DBS Bank Ltd, Mizuho Bank Ltd, PT Bank Syariah Mandiri, PT Bank Woori Indonesia 1906 Tbk, PT Bank CIMB Niaga Tbk, ING Bank N.V. Singapore, Bangkok Bank Public Company – Limited, PT Bank Bukopin Tbk, PT Bank Rakyat Indonesia Tbk, UBS Group AG, PT Bank MNC Internasional Tbk, Barclays Bank PLC, (ii) any other bank or trust company organized or licensed to operate under the laws of the Republic of Indonesia whose long-term debt rating by Moody's or S&P is rated as high or higher than any of those banks listed in subclause (i) of this clause (7) or (iii) any other bank organized or licensed to operate under the laws of the Republic of Indonesia; *provided* that, in the case of clause (iii), such deposits do not exceed US$10.0 million (or the Dollar Equivalent thereof) with any single bank or US$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

"*Total Assets*" means, as of any date of determination, the total consolidated assets of the Parent Guarantor and its Restricted Subsidiaries (excluding any assets of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting) measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner) are available and have been provided to the Trustee, the calculation of which shall include such pro forma adjustments as are appropriate and consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio" and "Permitted Priority Indebtedness" including, without limitation, giving pro forma effect to any Indebtedness Incurred, repaid or redeemed on such date and the receipt and application of any proceeds therefrom.

"*Trade Payables*" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

"*Transaction Date*" means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the incurrence or assumption of any Lien, the date such Lien is to be incurred or assumed.

"*Unrestricted Subsidiary*" means (1) any Subsidiary of the Parent Guarantor that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of

the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"*Voting Stock*" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"*Wholly Owned*" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any (1) director's qualifying shares or (2) Investments by foreign nationals or shares owned by a second shareholder, in each case as mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

"*Wholly Owned Restricted Subsidiary*" means a Restricted Subsidiary that is Wholly Owned by the Parent Guarantor.

TAXATION

Indonesian Taxation

The following summary is based on tax laws of Indonesia as in effect on the date of this Offering Circular, and is subject to changes in Indonesian law, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Indonesia. Prospective purchasers in all jurisdictions are advised to consult their own tax advisors as to Indonesian or other tax consequence of the acquisition, ownership and disposition of the Notes

The following is a summary with respect to taxes imposed by the Government of Indonesia. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Offering Circular.

1. General

Resident taxpayers, individual or corporate, are subject to income tax in Indonesia. Subject to the provisions of any applicable agreement for the avoidance of double taxation (a "Tax Treaty"), a "non-resident individual" is a foreign national who does not reside in Indonesia and is not physically present in Indonesia for more than 183 days during any 12 month period, during which period, such non-resident individual receives income in respect of the ownership or disposition of the Notes (unless an individual is deemed as a tax resident if he intends to reside in Indonesia, indicated by obtaining a working visa or limited stay permit card (KITAS) or having a contract of employment, business, or activities that are performed in Indonesia for more than 183 days) and a "non-resident entity" is a corporation or non-corporate body that is established under the laws of a jurisdiction other than Indonesia, is not domiciled in Indonesia and does not have a fixed place of business or permanent establishment in Indonesia during an Indonesian tax year in which such non-Indonesian entity receives income in respect of the ownership or disposition of the Notes. If the income is effectively connected with a permanent establishment of a non-resident corporation in Indonesia, the income is subject to corporate income tax up to a maximum rate of 25.0% and deemed distribution withholding tax of 20.0% of the after-tax profits, subject to applicable tax treaties. For individuals, the income is subject to progressive tax rates with a maximum rate of 30.0%.

2. Withholding Tax

Withholding Tax on Interest Income

Interest paid or due to be paid by the Issuer under the Notes should not be subject to Indonesian withholding tax, provided that the payments are not made and not borne by a permanent establishment of the Issuer in Indonesia.

Interest paid or due to be paid and borne by an Indonesian resident guarantor under the relevant guarantee, to a non-resident taxpayer without a permanent establishment in Indonesia, should be subject to final withholding tax in Indonesia at the statutory rate of 20% or the relevant reduced rate under an applicable Tax Treaty. To use the reduced rate under an applicable Tax Treaty, a non-resident taxpayer must satisfy the eligibility requirements under the relevant Tax Treaty and domestic tax regulations, including the requirement that the interest recipient be the beneficial owner of the income (see "– Anti-Avoidance Rule on the Tax Treaty and CoD Requirements" below).

Withholding Tax on Sale and Disposition of Notes

Income derived by a non-resident taxpayer, without a permanent establishment in Indonesia, from the disposal of Notes to resident taxpayer or another non-resident taxpayer without a permanent establishment in Indonesia, should not be subject to Indonesian income tax.

Capital gains derived by a non-resident taxpayer, without a permanent establishment in Indonesia, from the disposal of Notes to a resident taxpayer or to non-resident taxpayer, having a permanent establishment in Indonesia, shall not be subject to Indonesian withholding tax as the gains are not sourced from Indonesia.

Capital gains derived by a non-resident taxpayers having a permanent establishment in Indonesia, from the disposal of Notes should not be subject to Indonesian withholding tax provided those funds to acquire the Notes are not effectively connected with the permanent establishment in Indonesia.

3. Anti-Avoidance Rule on the Tax Treaty and CoD Requirements

Indonesia has concluded tax treaties with a number of countries including Australia, Belgium, Canada, France, Germany, Japan, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America. The relevant Tax Treaty may affect the definition of non-resident taxpayers and level of withholding tax applied to payments on the Notes.

Where a Tax Treaty exists and the eligibility requirements of that treaty benefit are satisfied, a reduced rate of withholding tax may be applicable in the case of interest (or payments in the nature of interest, such as premiums or discounts). This is also subject to there being no misuse of the tax treaties, the non-resident taxpayers meeting the administrative requirements under the Indonesian tax regulations and the non-resident taxpayers must be the beneficial owners of the income received from Indonesia. Some tax treaties also provide an exemption from Indonesian tax on any capital gains of non-resident taxpayers arising from the disposal of certain properties in Indonesia.

On November 21, 2018, the Directorate General of Tax ("DGT") issued regulations designed to prevent Tax Treaty misuse, i.e., PER-25/PJ/2018 ("PER 25/2018") regarding the administrative procedures to apply a Tax Treaty, including the template of Form-DGT which supersedes the prior regulations of PER-10/PJ./2017. PER 25/2018 is in force effectively starting from January 1, 2019. PER 25/2018 sets out stringent anti-tax treaty misuse tests (please see below the misuse tests) and through a list of administrative requirements to be satisfied. Failure to comply with the conditions means the Indonesian withholding tax will apply at 20%.

Under PER 25/2018, in order for a non-resident taxpayer or recipient of the payments from Indonesia to be eligible for Tax Treaty benefit, they must:

(a) not be an Indonesian tax resident;

(b) be a tax resident of an Indonesia Tax Treaty partner;

(c) fulfill the administrative requirements;

(d) not commit any Tax Treaty misuse; and

(e) be the beneficial owner of the income (if required by the Tax Treaty provisions).

Under PER 25/2018, the administrative requirements to be fulfilled by the non-resident taxpayer in order to apply the Tax Treaty benefit are in the certificate of domicile ("CoD") form, which must be:

(a) in the form prescribed by the DGT (i.e. Form-DGT);

(b) filled in completely by the non-resident;

(c) signed by the non-resident taxpayer;

(d) certified by the competent tax authority, the legal representative or the tax office of the treaty partner country of the non-resident taxpayer in the form of a signature or marked in a way that is similar to a signature and which marking is considered a common practice in that treaty country or the certification can be substituted with a Certificate of Residence which is commonly issued by the competent tax authority of the treaty partner country subject to it meeting certain conditions (such as the U.S. Internal Revenue Service ("IRS") Form 6166 in the case of the United States);

(e) used within the period stated in the CoD; and

(f) submitted prior to the lodgment of the relevant monthly Indonesian tax return for the tax period of the tax payable.

The CoD will confirm that the foreign income recipient (including the Issuer) is a tax resident of the foreign country. There are seven parts or sections in the Form-DGT and which must be completed depends on the type of non-resident taxpayer, whether a banking institution, a pension fund, an individual and a non-individual (corporate or non-corporate). The non-resident taxpayer who is: (1) a banking institution or (2) a pension fund is only required to complete relevant parts in the first page of Form-DGT, whilst other non-resident taxpayers are required to complete the relevant parts in the first and the second pages of Form-DGT. The second page of Form-DGT does not require any sign-off by a competent tax authority. All the relevant pages of Form-DGT require the foreign income recipient (including the Issuer) to confirm that it satisfies the relevant test(s), as well as to provide details on the amounts and types of income.

The original and valid Form-DGT must be obtained and made available to the tax withholder before the monthly withholding tax return filing deadline, i.e., the 20th day of the following month, to be submitted along with the monthly withholding tax return.. The first page of Form DGT is valid within the period stated in the Form-DGT for a maximum of 12 months and must be renewed subsequently. The certification from a competent tax authority in Part II on the first page of Form-DGT can be substituted with the Certificate of Residence commonly issued by the competent tax authority of the Tax Treaty Partner. The CoD is valid for the year indicated in the Certificate of Residence. The tax withholder is required to electronically submit the Form-DGT to enable application of the relevant Tax Treaty benefit for the period stated in the Form-DGT and to obtain the Form-DGT submission receipt. The tax withholder is required to provide the Form-DGT submission receipt to relevant non-resident taxpayer. The non-resident taxpayer who has obtained the Form-DGT submission receipt does not need to provide Form-DGT for the next imposition of tax within the period stated in the Form-DGT on income derived from the tax withholder that electronically submitted Form-DGT and other tax withholders. The Form-DGT submission receipt must be attached into relevant monthly tax return of tax withholder.

Further, PER 25/2018 stipulates that Tax Treaty misuse may occur in:

(a) there is no economic substance in the establishment of the entity or in the transaction arrangement using a structure or scheme that is arranged solely to enjoy the benefit of the Tax Treaty;

(b) a transaction has a structure or scheme whose legal form, either in the establishment of the entity or in the relevant transaction arrangement, differs from its economic substance solely with the intention to enjoy the benefit of the Tax Treaty;

(c) the business operation is not managed by its own management and the management has no appropriate authority to carry out a transaction;

(d) the entity's assets, other than the assets to generate income from Indonesia, are not sufficient and adequate to carry out a business operation in the Tax Treaty partner country;

(e) the entity has no sufficient qualified employees to conduct its business operation; or

(f) the entity has no active business other than receiving income from dividends, interest and/or royalties originating from Indonesia.

(g) The transactions arrangement, directly or indirectly, is intended to enjoy the tax treaty benefit as follows:

- deduction of tax charges, and/or
- double non taxation,

which is contrary with the purpose and objective of the Tax Treaty.

According to PER 25/2018, the beneficial owner criteria must be fulfilled for the income which the Tax Treaty article specifically requires, in addition to the Tax Treaty misuse test. Usually this is relevant for dividend, interest and royalty income (passive income). Despite the fact that PER 25/2018 only requires the beneficial ownership criteria to be fulfilled in certain circumstances, the Indonesia tax office, up to a certain extent, may also consider the failure to apply the beneficial owner criteria in any case as an indication that the entity is a Tax Treaty misuse.

Article 6 of PER 25/2018 defines the "beneficial owner" of the income as:

(a) an individual who is not acting as an agent or a nominee;

(b) a company which is not acting as an agent or a nominee or a conduit, and fulfills these conditions:

- has effective power to use or enjoy any funds, assets, or right to earn income from Indonesia;
- does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties in the form of interest, royalties, or other fees (excluding reasonable remuneration to employees, other expenses normally incurred by the company in running the business, or dividend distribution to shareholders);
- bears any risk derived from entity assets, capital or liabilities; and
- does not have any contractual or legal obligation to pass on part of or the entire payment.

An "agent" is defined as a person or an entity that acts as an intermediary and conducts actions for and/or on behalf of another party. A "nominee" is defined as a person or an entity that legally owns an asset and/or income (i.e. a legal owner) for the interests of or based on instruction/mandate from the party who is the actual owner of the asset and/or the party who actually enjoys the benefit of the income. A "conduit company" is defined as a company which enjoys the Tax Treaty benefits in relation to income sourced from another country, while the economic benefits of said income is owned by persons in another country who would not be able to enjoy Tax Treaty benefits if such income were directly received by them. However, in practice the Tax Office does not apply a look through to the ultimate owner of the economic benefit of the income and therefore immediately denies the application of any Tax Treaty provision if the Indonesian-sourced income is paid to a conduit company.

In addition, in the event that it is found that the legal form of a structure of a particular transaction is different from its economic substance, the Indonesian Tax Authority will apply the "substance over form" principle in imposing taxes in accordance with the economic substance of the transaction.

4. Taxation on Capital Gain

Gains from disposal of the Notes by an Indonesian tax resident is taxable in Indonesia and subject to:

(a) progressive income tax up to a maximum rate of 30.0% for individuals;

(b) 25.0% corporate tax for companies; and

(c) 25.0% corporate tax and an additional branch profit tax of 20.0% or lower income tax rate under relevant Tax Treaty (if the requirements to claim Tax Treaty benefits is fulfilled) from income after-tax profits for permanent establishments.

Capital gains derived by a non-resident taxpayer, without a permanent establishment in Indonesia, from the disposal of Notes to a resident taxpayer or to non-resident taxpayer, having a permanent establishment in Indonesia, shall not be subject to Indonesian withholding tax as the gains are not sourced from Indonesia.

Any gains (accrued interest and/or capital gains) from the offer, sale or transfer of Notes by the Initial Purchasers to Indonesian tax residents, where the transaction is conducted through a securities company,

dealer or bank in Indonesia (either as intermediary or buyer), is deemed to be interest gain and subject to final withholding tax at the rate of 20% or such reduced rate as may apply under relevant tax treaty, if any.

5. Stamp Duty

In Indonesia, nominal stamp duty applies on a per document basis, and is not related to the value of the transaction. Stamp duty applies on certain documents made, executed or brought into Indonesia or intended to be used as evidence for civil proceedings. Documents subject to stamp duty include notarial deeds, documents evidencing or recording the receipt of money, and securities instruments. The nominal amount of the Indonesian stamp duty for any kind of securities transaction having a value greater than Rp. 1,000,000 is Rp. 6,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party who benefits from the executed document unless the parties decide otherwise.

6. Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession, or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes. There are no Indonesian registrations or similar taxes payable by the Noteholders as a result of their holding of the Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Singapore Taxation

The statements made herein regarding Singapore taxation are general in nature and based on certain aspects of the current tax laws of Singapore, administrative guidelines and circulars issued by the Monetary Authority of Singapore ("MAS") in force as of the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of these laws, guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective investors are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasized that none of the Issuer, the Parent Guarantor, the Initial Purchasers and any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("ITA"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in

Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals resident in Singapore from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the issue of the Notes is jointly lead-managed by Standard Chartered Bank, Australia and New Zealand Banking Group Limited, DBS Bank Ltd., ING Bank N.V., Singapore Branch and Mandiri Securities Pte Ltd and on the basis that each of them is a Financial Sector Incentive (Bond Market), Financial Sector Incentive (Capital Market) or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, and the Notes are issued as debt securities prior to December 31, 2023, the Notes would be qualifying debt securities ("QDS") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require and subject to the Issuer including in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Notes by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the submission by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed

format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes paid by the Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to Singapore income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

(i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(ii) the submission by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Qualifying Income derived from the Notes are not subject to withholding of Singapore tax by the Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50% or more of the issue of the Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not qualify as QDS; and

(b) even though the Notes are QDS, if, at any time during the tenure of the Notes, 50% or more of the Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person directly or indirectly are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Gains on Disposal of the Notes

Any gains by any person resident in Singapore considered to be in the nature of capital made from the disposal of the Notes will not be taxable in Singapore. However, any gains derived by any person resident in Singapore from the disposal of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who apply or are required to apply Singapore Financial Reporting Standard ("FRS") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("SFRS(I) 9") (as the case may be), may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes."

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement."

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109—Financial Instruments."

Noteholders who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Certain United States Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only U.S. Holders (as defined below) that purchase Notes in the original offering, hold the Notes as capital assets, and use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market persons who are required to

accelerate the recognition of any item of income as a result of such income being recognized on an applicable financial statements and persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Prospective investors should note that no rulings have been, or are expected to be, sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE FEDERAL, STATE AND LOCAL LAWS OF THE UNITED STATES, INDONESIA AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a Note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States,
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The treatment of partners in a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that owns Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any Indonesian income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note. Any such gain or loss generally will

be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Standard Chartered Bank, Australia and New Zealand Banking Group Limited, DBS Bank Ltd., ING Bank N.V., Singapore Branch and Mandiri Securities Pte Ltd are acting as initial purchasers of the offering of the Notes (the "Initial Purchasers"). Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Circular (the "Purchase Agreement"), the Initial Purchasers have agreed to purchase, and the Issuer has agreed to sell to the Initial Purchasers, the principal amount of the Notes set forth opposite the name of such Initial Purchaser.

Initial Purchaser	Principal Amount
Standard Chartered Bank	US$472,500,000
Australia and New Zealand Banking Group Limited	US$ 200,000
DBS Bank Ltd.	US$ 47,300,000
ING Bank N.V., Singapore Branch	US$ 47,300,000
Mandiri Securities Pte Ltd	US$ 82,700,000
Total	US$650,000,000

The Purchase Agreement provides that the several and not joint obligations of the Initial Purchasers to purchase the Notes are subject to certain conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. The initial offering price is set forth on the cover page of this Offering Circular. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Notes is expected to occur on or about May 14, 2019. In addition, we have agreed with the Initial Purchasers that we will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Issuer and the Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of such liabilities.

The Issuer and the Guarantors have been advised that the Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Circular within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. See "Transfer Restrictions."

The Issuer and the Guarantors have agreed not to, for a period of thirty (30) days after the date of the Final Offering Circular, (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchasers.

The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

The Notes will constitute a new class of securities with no established trading market. Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The offering and settlement of the Notes is not conditioned upon obtaining the listing. The Issuer does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes after the completion of the offering will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

Each Initial Purchaser or its affiliates may purchase the Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, an Initial Purchaser or its affiliates may hold long or short positions relating to the Notes.

In connection with this offering, Standard Chartered Bank, as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Issuer.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with this offering of the Notes and the Acquisition, the Issuer will establish the Interest Reserve Account and Escrow Account with Standard Chartered Bank, acting through its Singapore branch. The net proceeds of this offering together with available cash will be placed in the Escrow Account for the benefit of the Holders until released pursuant to an escrow agreement to be entered into among the Issuer, the Trustee and Standard Chartered Bank, acting through its Singapore branch, as escrow agent. Each of the Initial Purchasers and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Initial Purchaser and its affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Issuer or its affiliates in the ordinary course of their business. Each Initial Purchaser or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve our securities and other

financial instruments, including the Notes. The Initial Purchasers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or our other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments. While each Initial Purchaser and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Initial Purchaser or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Initial Purchaser may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes. See "Description of Other Material Indebtedness."

Delivery of the Notes is expected on or about the seventh business day following the date of this Offering Circular (such settlement cycle being referred to as "T+7"). See "Summary of the Offering." Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, because the Notes initially will settle in T+7, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade the Notes on the pricing date or the next succeeding business day should consult their own advisers.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Issuer, the Guarantors or the Initial Purchasers that would permit a public offering of Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions" for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only (1) in the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Resales of the Notes are restricted as described under "Transfer Restrictions."

As used herein, the term "United States" has the meaning given to it in Regulation S under the Securities Act.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Prohibition of Sales to EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- not a qualified investor as defined in the Prospectus Directive; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and

Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Offering Circular has not been registered as a prospectus with the MAS under the SFA. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA, or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Indonesia

This offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 regarding Capital Market. This Offering Circular may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizen wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offering under the laws and regulations of Indonesia.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes under the Securities Act and the Notes may only be offered or sold (i) within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Circular have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including resales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

You are not our "affiliate" (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

(a) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the Securities Act and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) purchasing Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(2) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Circular, which Offering Circular has been delivered to you. You represent that you are only relying on this Offering Circular in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Circular. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(3) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such

later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us or any of our affiliates;

(b) pursuant to a registration statement which has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A under the Securities Act;

(d) outside the United States in offshore transactions meeting the requirements of Rule 904 under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

You acknowledge that we, the Trustee and the Transfer Agent reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the trustee and the registrar.

(4) You acknowledge that each Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR (B) IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON WITHIN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144 UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY OF ITS AFFILIATES THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(5) You acknowledge that the Transfer Agent will not be required to accept for registration or transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Transfer Agent that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

(a) We, the Initial Purchasers, the Trustee, the Agents and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify the Initial Purchasers Trustee and the Agents promptly in writing; and

(b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

(9) The Notes may not be sold or transferred to, and you as a purchaser, by your purchase and holding of the Notes, shall be deemed to have represented and covenanted that you are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans accounts or arrangements (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor), unless such purchase and holding will not constitute a non-exempt prohibited transaction under Title I of ERISA and the Code.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND U.S. GAAP

Our consolidated financial statements included elsewhere in this Offering Circular have been prepared and presented in accordance with Indonesian FAS. Significant differences exist between Indonesian FAS and U.S. GAAP, which might be material to the consolidated financial statements herein. The matters described below should not be expected to reveal all differences between Indonesian FAS and U.S. GAAP that are relevant to us.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain significant differences between Indonesian FAS and U.S. GAAP is complete.

Regulatory bodies that promulgate Indonesian FAS and U.S. GAAP have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between Indonesian FAS and U.S. GAAP as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between Indonesian FAS and U.S. GAAP that may affect the consolidated financial statements as a result of transactions or events that may occur in the future.

Management believes that the application of U.S. GAAP to the consolidated financial statements could have a material and significant impact upon the consolidated financial statements reported under Indonesian FAS. In making an investment decision, investors must rely upon their own examination of us, terms of the offering, and the consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and U.S. GAAP, and how those differences might affect the consolidated financial statements included herein.

Interim Financial Reporting

Under Indonesian FAS, each interim period is viewed as a discrete reporting period. A cost that does not meet the definition of an asset at the end of an interim period is not deferred, and a liability recognized at an interim reporting date must represent an existing obligation. Under U.S. GAAP, each interim period is viewed as an integral part of an annual period. As a result, certain costs that benefit more than one interim period may be allocated among those periods, resulting in deferral or accrual of certain costs.

Consolidation, Joint Venture Accounting, and Equity-Method Investment

Indonesian FAS provides a single control model for all entities, including structured entities. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights and the notion of “de facto control” are considered. U.S. GAAP provides for primarily two consolidation models (i.e. variable interest model and voting model). The variable interest model evaluates control based on determining which party has power and benefits, while the voting model evaluates control based on existing voting rights. All entities are first evaluated as potential variable interest entities (“VIEs”). If an entity is not a VIE, it is evaluated for control pursuant to the voting model. Potential voting rights are generally not included in either evaluation and the notion of “de factor control” is not considered.

Under Indonesian FAS, when relevant, preparation of consolidated financial statements is required in all cases, and that the “parent-only” financial statements (which are not required part of consolidated financial

statements), if presented, can only be presented as supplementary information to the consolidated financial statements. Under U.S. GAAP, when relevant, preparation of consolidated financial statements is required, although certain industry-specific exceptions exist (e.g. investment companies).

Under Indonesian FAS, the financial statements of a parent and its consolidated subsidiaries are prepared as of the same date. When the parent and the subsidiary have different reporting period end dates, the subsidiary prepares (for consolidation purposes) additional financial statements as of the same date as those of the parent unless it is impracticable. If it is impracticable, when the difference in the reporting period end dates of the parent and subsidiary is three months or less, the financial statements of the subsidiary may be adjusted to reflect significant transactions and events, and it is not necessary to prepare additional financial statements as of the parent's reporting date. Under U.S. GAAP, the reporting entity and the consolidated entities are permitted to have differences in year-ends of up to three months. The effects of significant events occurring between the reporting dates of the reporting entity and the controlled entities are disclosed in the financial statements.

Under Indonesian FAS, uniform accounting policies between parent and subsidiary are required. Under U.S. GAAP, uniform accounting policies between parent and subsidiary are not required.

Under Indonesian FAS, transactions that result in decreases in the ownership interest of any subsidiary without a loss of control are accounted for as equity transactions in the consolidated entity (i.e. no gain or loss is recognized). Under U.S. GAAP, transactions that result in decreases in the ownership interest of any subsidiary without a loss of control are accounted for as equity transactions in the consolidated entity only when: (i) the subsidiary is a business or non-profit activity (except in a conveyance of oil and gas mineral rights), or (i) the subsidiary is not a business or non-profit activity, but the substance of the transaction is not addressed directly by other accounting standards under U.S. GAAP.

Under Indonesian FAS, for certain transactions that result in a loss of control of a subsidiary, the accounting guidance is generally consistent with U.S. GAAP, except that the related guidance applies to all subsidiaries, including those that are not businesses or non-profit activities and those that involve conveyance of oil and gas mineral rights. In addition, the gain or loss resulting from the loss of control of a subsidiary that does not constitute a business in a transaction involving an associate or a joint venture that is accounted for using the equity method is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. Under U.S. GAAP, for certain transactions that result in a loss of control of a subsidiary, any retained non-controlling investment in the former subsidiary is remeasured to fair value on the date the control is lost, with the gain or loss included in income along with any gain or loss on the ownership interest sold. This accounting is limited only to the following transactions: (i) loss of control of a subsidiary that is a business or non-profit activity (except for a conveyance of oil and gas mineral rights), and (ii) loss of control of a subsidiary that is not a business or non-profit activity if the substance of the transaction is not addressed directly by other accounting standards under U.S. GAAP.

Under Indonesian FAS, for transactions that result in a loss of control of a group of assets that meet the definition of a business, any retained non-controlling investment in the former group of assets is remeasured to fair value on the date control is lost, with the gain or loss included in income along with any gain or loss on the ownership interest sold. Under U.S. GAAP, for certain transactions that result in a loss of control of a group of assets that meet the definition of a business or non-profit activity, any retained non-controlling investment in the former group of assets is remeasured to fair value on the date control is lost, with the gain or loss included in income along with any gain or loss on the ownership interest sold. However, this accounting does not apply to: (i) a conveyance of oil and gas mineral rights, and (ii) a transfer of a good or service in a contract with a customer within the scope of Accounting Standard Codification 606, "Revenue from Contracts with Customers" ("ASC 606").

Business Combinations

Under Indonesian FAS, non-controlling interest components that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be measured at: (i) fair value, including goodwill, or (ii) the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets, exclusive of goodwill. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The choice is available on a transaction-by-transaction basis. Under U.S. GAAP, non-controlling interest is measured at fair value, including goodwill.

Under Indonesian FAS, there is no specific accounting standard that governs the accounting for combination of entities under common control. In practice, entities either follow an approach like U.S. GAAP (i.e. historical cost) as described below or apply the acquisition method (fair value) if there is substance to the transaction (policy election). U.S. GAAP requires that the receiving entity records the net assets at their carrying amounts in the accounts of the transferor (historical cost) in a combination of entities under common control.

Under Indonesian FAS, there is no specific accounting standard that governs pushdown accounting, and accordingly, it is unclear whether pushdown accounting is acceptable. Under U.S. GAAP, an acquired entity can choose to apply pushdown accounting in its separate financial statements when an acquirer obtains control of it or later; however, an entity's election to apply pushdown accounting is irrevocable.

Under Indonesian FAS, an acquirer recognizes measurement-period adjustments pertained to a business combination on a retrospective basis, whereby the acquirer revises comparative information for any prior periods presented, including revisions for any effects on the prior-period income statement. Under U.S. GAAP, an acquirer recognizes measurement-period adjustments pertained to a business combination during the period in which it determines the amounts, including the effect on earnings of any amounts it would have recorded in previous periods if the accounting had been completed at the acquisition date.

Under Indonesian FAS, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business. The term "substantive process" is not defined in Indonesian FAS. An integrated set of activities and assets requires two essential elements (i.e. inputs and processes) applied to those inputs, which together are or will be used to create outputs. However, a business does not have to include all the inputs or processes that the seller used in operating that business if market participants are capable of to produce outputs, for example, by integrating the business with their own inputs and processes. Outputs are defined as the result of inputs and processes applied to those inputs that provide or have the ability to provide a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants. There is no threshold test under Indonesian FAS. Under U.S. GAAP, a business must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. An output is the result of inputs and processes applied to those inputs that provide goods or services to customers, investment income (such as dividends or interest), or other revenues. That is, the focus is on revenue-generating activities, which more closely aligns the definition with the description of outputs in the new revenue guidance in ASC 606. An entity does not need to evaluate whether any missing elements could be replaced by a market participant. An entity must first evaluate whether substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If that threshold is met, the set is not a business and does not require further evaluation. Gross assets acquired should exclude cash and cash equivalents, deferred tax assets, and any goodwill that would be created in a business combination from the recognition of deferred tax liabilities.

Inventory

Under Indonesian FAS, the use of the last-in-first-out ("LIFO") method in determining the cost of inventory is not permitted and that same cost formula must be applied to all inventories similar in nature or use to the

entity. Under U.S. GAAP, the use of the LIFO method in determining the cost of inventory is permitted; however, a consistent cost formula for all inventories similar in nature is not explicitly required.

Under Indonesian FAS, inventory is carried at the lower of cost or net realizable value, whereby net realizable value is defined as the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Under U.S. GAAP, only inventory other than that accounted for under the LIFO or retail inventory method ("RIM") is carried at the lower of cost and net realizable value.

Under Indonesian FAS, previously recognized impairment losses on inventories are reversed up to the amount of the original impairment loss when the reasons for the impairment no longer exist. Under U.S. GAAP, any write-down of inventory below cost creates a new cost basis that subsequently cannot be reversed.

Under Indonesian FAS, permanent markdowns affect the average gross margin used in applying the RIM. Reduction of the carrying cost of inventory to below the lower of cost and net realizable value is not allowed. Under U.S. GAAP, permanent markdowns do not affect the gross margins used in applying the RIM; rather, such markdowns reduce the carrying cost of inventory to net realizable value, less an allowance for an approximately normal profit margin, which may be less than both original cost and net realizable value.

Land Rights

In Indonesia, except for ownership rights granted to individuals, the title to land rests with the government. Land use is accomplished through land rights whereby the holder of the rights enjoys the full use of the land for a stated period, subject to extensions. Under Indonesian FAS, land rights are not depreciated unless management believes that it is highly unlikely that extensions of the land rights will not be granted by the government. The predominant practice is to capitalize (and not to amortize) the costs of acquired land rights, as entities generally believe that extensions of the land rights will be granted by the government. Other expenses associated with the acquisition of government permits to use the land, including legal fees, area survey and re-measurement fees, notary fees, and taxes, are capitalized and amortized over the period of the right to use the land. Under U.S. GAAP, the costs and other expenses associated with the acquisition of land rights are capitalized and amortized over the period of the right to use the land.

Long-Lived Assets

Under Indonesian FAS, revaluation of long-lived assets is a permitted accounting policy election for an entire class of assets, requiring revaluation to fair value on a regular basis. Under U.S. GAAP, revaluation of long-lived assets is not permitted.

Under Indonesian FAS, component depreciation of long-lived assets is required if components of an asset have differing patterns of benefit. Under U.S. GAAP, component depreciation of long-lived assets is permitted, but it is not common.

Under Indonesian FAS, eligible borrowing costs that are capitalized as part of a qualifying long-lived asset include exchange rate differences from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. For borrowings associated with a specific qualifying asset, actual borrowing costs are capitalized offset by investment income earned on those borrowings. Under U.S. GAAP, eligible borrowing costs do not include exchange rate differences. Interest earned on the investment of borrowed funds generally cannot offset interest costs incurred during the period. For borrowings associated with a specific qualifying asset, borrowing costs equal to the weighted-average accumulated expenditures times the borrowing rate are capitalized.

Under Indonesian FAS, costs that represent a replacement of a previously identified component of an asset are capitalized if future economic benefits are probable and the costs can be reliably measured; otherwise, these

costs are expensed as incurred. Under U.S. GAAP, multiple accounting models have evolved in practice for entities in the airline industry, including expense costs as incurred, capitalize costs and amortize through the date of the next overhaul, or follow the built-in overhaul approach (i.e., an approach with certain similarities to composite depreciation).

Under Indonesian FAS, investment property is separately defined as property held to earn rent or for capital appreciation (or both) and may include property held by lessees under a finance or operating lease. Investment property may be accounted for on a historical cost basis or on a fair value basis as an accounting policy election. Capitalized operating leases classified as investment property must be accounted for using the fair value model. Under U.S. GAAP, investment property is not separately defined and, therefore, is accounted for as held and used or held for sale.

Intangible Assets

Under Indonesian FAS, development costs are capitalized when technical and economic feasibility of a project can be demonstrated in accordance with specific criteria, including demonstrating technical feasibility, intent to complete the asset, and ability to sell the asset in the future. Although application of these principles may be largely consistent with those under U.S. GAAP, there is no separate guidance addressing computer software development costs. Under U.S. GAAP, development costs are expensed as incurred unless addressed by guidance in another accounting standard. Development costs related to computer software developed for external use are capitalized once technological feasibility is established in accordance with specific criteria. In the case of software developed for internal use, only those costs incurred during the application development stage may be capitalized.

Under Indonesian FAS, advertising and promotional costs are expensed as incurred. A prepayment may be recognized as an asset only when payment for the goods or services is made in advance of the entity having access to the goods or receiving the services. Under U.S. GAAP, advertising and promotional costs are either expensed as incurred or expensed when the advertising takes place for the first time (policy choice).

Under Indonesian FAS, revaluation to fair value of intangible assets other than goodwill is a permitted accounting policy election for a class of intangible assets. Because revaluation requires reference to an active market for the specific type of intangible, this is relatively uncommon in practice. Under U.S. GAAP, revaluation of intangible assets is not permitted.

Impairment of Long-Lived Assets, Goodwill, and Intangible Assets

Under Indonesian FAS, the one-step approach requires that an impairment loss calculation of long-lived assets, goodwill, or intangible assets be performed if impairment indicators exist. Under U.S. GAAP, the two-step approach requires that a recoverability test be performed first (the carrying amount of the asset is compared with the sum of future undiscounted cash flows using entity-specific assumptions generated through use and eventual disposition). If it is determined that the asset is not recoverable, an impairment loss calculation is required.

Under Indonesian FAS, an impairment loss is the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of: (i) fair value less costs to sell, and (ii) value in use (the present value of future cash flows in use, including disposal value). Under U.S. GAAP, an impairment loss is the amount by which the carrying amount of the asset exceeds its fair value using market participant assumptions.

Under Indonesian FAS, in assessing the impairment of goodwill, goodwill is allocated to a cash-generating unit (“CGU”) or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and cannot be larger than an operating segment (before aggregation). Further, the qualitative assessment is not permitted. The one-step approach requires that an

impairment test be done at the CGU level by comparing the CGU's carrying amount (including goodwill) with its recoverable amount. The impairment loss on the CGU (the amount by which the CGU's carrying amount (including goodwill) exceeds its recoverable amount) is allocated first to reduce goodwill to zero, then, subject to certain limitations, the carrying amount of other assets in the CGU are reduced pro rata, based on the carrying amount of each asset. Under U.S. GAAP, in assessing the impairment of goodwill, goodwill is assigned to a reporting unit, which is defined as an operating segment or one level below an operating segment (component). Further, an entity has the option to qualitatively assess whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. The entity performs a recoverability test under the two-step approach first at the reporting unit level (the carrying amount of the reporting unit is compared with the reporting unit's fair value). If the carrying amount of the reporting unit exceeds its fair value, the entity performs impairment testing. The impairment loss is determined as the amount by which the carrying amount of goodwill exceeds the implied fair value of the goodwill within its reporting unit.

Under Indonesian FAS, in assessing the impairment of indefinite-lived intangibles, qualitative assessment is not permitted. The one-step approach requires that an impairment test be done at the CGU level by comparing the CGU's carrying amount (including goodwill) with its recoverable amount. If the indefinite-lived intangible asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, then the indefinite-lived intangible asset should be tested for impairment as part of the CGU to which it belongs unless certain conditions are met. Under U.S. GAAP, in determining the impairment of indefinite-lived intangibles, an entity has the option to qualitatively assess whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired. If a quantitative test is performed, the quantitative impairment test for an indefinite-lived intangible asset requires a comparison of the fair value of the asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, the entity should recognize an impairment loss in an amount equal to that excess. Indefinite-lived intangible assets separately recognized should be assessed for impairment individually unless they operate in concert with other indefinite-lived intangible assets as a single asset (i.e. the indefinite-lived intangible assets are essentially inseparable). Indefinite-lived intangible assets may not be combined with other assets (e.g. finite-lived intangible assets or goodwill) for purposes of an impairment test.

Under Indonesian FAS, reversal of impairment loss previously recognized is prohibited for goodwill. Other assets must be reviewed at the end of each reporting period for reversal indicators. If appropriate, loss should be reversed up to the newly estimated recoverable amount, not to exceed the initial carrying amount adjusted for depreciation. Under U.S. GAAP, reversal of impairment loss previously recognized is prohibited for all assets to be held and used.

Financial Instruments

Under Indonesian FAS, classification of certain instruments with characteristics of both debt and equity is largely based on the contractual obligation to deliver cash, assets, or an entity's own shares. Economic compulsion does not constitute a contractual obligation. Contracts that are indexed to, and potentially settled in, an entity's own stock are classified as equity if settled only by delivering a fixed number of shares for a fixed amount of cash. Compound (hybrid) financial instruments are required to be split into a debt and equity component or, if applicable, a derivative component. The derivative component is accounted for using fair value accounting. Under U.S. GAAP, certain instruments with characteristics of both debt and equity that must be classified as liabilities are specifically identified. Certain other contracts that are indexed to, and potentially settled in, an entity's own stock may be classified as equity if they either: (i) require physical settlement or net-share settlement, or (ii) give the issuer a choice of net-cash settlement or settlement in its own shares. Compound (hybrid) financial instruments (e.g. convertible bonds) are not split into debt and equity components unless certain specific requirements are met, but they may be bifurcated into debt and derivative components, with the derivative component accounted for using fair value accounting.

Under Indonesian FAS, regardless of an instrument's legal form, its classification and measurement depend on its contractual cash flow ("CCF") characteristics and the business model under which it is managed. The

assessment of the CCF determines whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that pass the cash flow characteristics test are subsequently measured at: (i) amortized cost, (ii) fair value, with changes in fair value recognized in other comprehensive income ("FV-OCI"), or (iii) fair value, with changes in fair value recognized in net income ("FV-NI"), based on the entity's business model for managing them unless the fair value option is elected. Financial assets that fail the cash flow characteristics test are subsequently measured at FV-NI. Under U.S. GAAP, classification and measurement depend largely on the legal form of the instrument (i.e. whether the financial asset represents a security or a loan) and management's intent for the instrument. At acquisition, debt instruments that meet the definition of a security are classified in one of three categories and subsequently measured at: (i) amortized cost (for held-to-maturity ("HTM") securities), (ii) FV-NI (for trading securities), or (iii) FV-OCI (for available-for-sale ("AFS") securities). Unless the fair value option is elected, loans and receivables are classified as either: (i) held for investment, and then measured at amortized cost, or (ii) held for sale, and then measured at the lower of cost or fair value.

Under Indonesian FAS, equity investments are measured at FV-NI. An irrevocable FV-OCI election is available for non-derivative equity investments that are not held for trading. If the FV-OCI election is made, gains or losses recognized in other comprehensive income are not recycled (i.e. reclassified to earnings) upon derecognition of those investments. Under U.S. GAAP, equity investments are measured at FV-NI. A measurement alternative is available for equity investments that do not have readily determinable fair values and do not qualify for the net asset value practical expedient. These investments may be measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer.

Indonesian FAS requires the original effective interest rate to be used throughout the life of the financial instrument, except for certain reclassified financial assets. When estimated cash flows change, an entity follows an approach that is analogous to the catch-up method under U.S. GAAP. U.S. GAAP requires a catch-up approach, retrospective method, or prospective method of calculating the interest for amortized cost-based assets (when estimated cash flows are used), depending on the type of instrument.

Under Indonesian FAS, the definition of a derivative does not include a requirement that a notional amount be indicated nor is net settlement a requirement. Certain of the scope exceptions under Indonesian FAS differ from those under U.S. GAAP. Under U.S. GAAP, to meet the definition of a derivative, an instrument must: (i) have one or more underlying, and, one or more notional amounts or payment provisions or both, (ii) require no initial net investment, as defined, and (iii) be able to be settled net, as defined. Certain scope exceptions exist for instruments that would otherwise meet these criteria.

Under Indonesian FAS, hedging of risk components of both financial and non-financial items is allowed, provided that the risk component is separately identifiable and reliably measurable. To qualify for hedge accounting, there must be an economic relationship between the hedged item and the hedging instrument, the value changes resulting from that economic relationship cannot be dominated by credit risk, and the hedge ratio should generally be the same as the ratio management uses to hedge the quantity of the hedged item. Only prospective assessment of effectiveness is required at each reporting period. The shortcut method for interest rate swaps hedging recognized debt is not permitted. The assessment and measurement of hedge effectiveness for a fair value hedge of the benchmark interest rate component of a fixed rate debt instrument generally considers only the change in fair value of the designated benchmark cash flows. A hedging instrument's time value and foreign currency basis spread can be excluded from the effectiveness assessment. The change in fair value of any excluded components is deferred in accumulated other comprehensive income and reclassified based on the nature of the hedged item (i.e. transaction-related or time-period related). Under U.S. GAAP, the risk components of financial instruments that may be hedged are specifically defined by the literature, with no additional flexibility. Except for foreign currency risk, a risk component associated with a non-financial item may not be hedged. To qualify for hedge accounting the relationship must be "highly effective". Prospective and retrospective assessment of hedge effectiveness is required on a periodic basis (at least quarterly). The shortcut

method for interest rate swaps hedging recognized debt instruments is permitted. The long-haul method of assessing and measuring hedge effectiveness for a fair value hedge of the benchmark interest rate component of a fixed rate debt instrument requires that all CCFs be considered in calculating the change in the hedged item's fair value even though only a component of the contractual coupon payment is the designated hedged item. A hedging instrument's time value can be excluded from the effectiveness assessment. The change in fair value of any excluded time value is recognized currently in earnings.

Under Indonesian FAS, derecognition of financial assets is based on a mixed model that considers transfer of risks and rewards and control. Transfer of control is considered only when the transfer of risks and rewards assessment is not conclusive. If the transferor has neither retained nor transferred substantially all the risks and rewards, there is then an evaluation of the transfer of control. Control is considered to be surrendered if the transferee has the practical ability to unilaterally sell the transferred asset to a third party without restrictions. There is no legal isolation test. The derecognition criteria may be applied to a portion of a financial asset if the cash flows are specifically identified or represent a pro rata share of the financial asset or a pro rata share of specifically identified cash flows. Under U.S. GAAP, derecognition of financial assets (i.e. sales treatment) occurs when effective control over the financial asset has been surrendered whereby: (i) the transferred financial assets are legally isolated from the transferor, (ii) each transferee (or, if the transferee is a securitization entity or an entity whose sole purpose is to facilitate an asset-backed financing, each holder of its beneficial interests) has the right to pledge or exchange the transferred financial assets (or beneficial interests), and (iii) the transferor does not maintain effective control over the transferred financial assets or beneficial interests (e.g. through a call option or repurchase agreement). The derecognition criteria may be applied to a portion of a financial asset only if it mirrors the characteristics of the original entire financial asset.

Under Indonesian FAS, day one gains and losses on financial instruments are recognized only when their fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. level 1 input) or based on a valuation technique that uses only data from observable markets. Under U.S. GAAP, entities are not precluded from recognizing day one gains and losses on financial instruments reported at fair value even when all inputs to the measurement model are not observable, including when the fair value measurement is based on a valuation model with significant unobservable inputs (i.e. level 3 measurements).

Under Indonesian FAS, there is no practical expedient for estimating fair value using net asset value for certain alternative investments. Under U.S. GAAP, entities are provided a practical expedient to estimate the fair value of certain alternative investments (e.g. a limited partner interest in a private equity fund) using net asset value or its equivalent.

Foreign Currency

Under Indonesian FAS, the functional currency must be maintained. However, local functional currency financial statement amounts not already measured at the current rate at the end of the reporting period (current and prior period) are indexed using a general price index (i.e. restated in terms of the measuring unit current at the date of the statement of financial position with the resultant effects recognized in income), and are then translated to the reporting currency at the current rate. Under U.S. GAAP, local functional currency financial statements are remeasured as if the functional currency was the reporting currency (e.g. United States ("US") dollar in the case of a US parent) with resulting exchange differences recognized in income.

Under Indonesian FAS, the method of consolidation is not specified and, as a result, either the "direct" or the "step-by-step" method of consolidation is used. Under the "direct" method, each entity within the consolidated group is directly translated into the functional currency of the ultimate parent and then consolidated into the ultimate parent (i.e. the reporting entity) without regard to any intermediate parent. The choice of consolidation method used could affect the cumulative translation adjustments deferred within equity at intermediate levels, and therefore, the recycling of such exchange rate differences upon disposal of an intermediate foreign operation. Under U.S. GAAP, a "bottom-up" approach is required to reflect the appropriate

foreign currency effects and hedges in place. As such, an entity should be consolidated by the enterprise that controls the entity. Therefore, the "step-by-step" method of consolidation is used, whereby each entity is consolidated into its immediate parent until the ultimate parent has consolidated the financial statements of all the entities below it.

Leases

Under Indonesian FAS, the land and building elements of the lease are considered separately when evaluating all indicators unless the amount that would initially be recognized for the land element is immaterial, in which case they would be treated as a single unit for purposes of lease classification. There is no 25% test to determine whether to consider the land and building separately when evaluating certain indicators. Under U.S. GAAP, a lease of land and buildings that transfers ownership to the lessee or contains a bargain purchase option would be classified as a capital lease by the lessee, regardless of the relative value of the land. If the fair value of the land at inception represents less than 25% of the total fair value of the lease, the lessee accounts for the land and building elements as a single unit for purposes of evaluating the 75% and 90% tests noted above; otherwise, the lessee must consider the land and building elements separately for purposes of evaluating other lease classification criteria (i.e. only the building is subject to the 75% and 90% tests in this case).

Under Indonesian FAS, when the leaseback is an operating leaseback (non-real estate) in a sale-and-leaseback type of lease, gain or loss is recognized immediately, subject to adjustment if the sales price differs from fair value. Under U.S. GAAP, when the leaseback is an operating leaseback (non-real estate) in a sale-and-leaseback type of lease, if the seller-lessee retains only a minor portion of the remaining use of the leased asset through the sale-leaseback, the sale and leaseback are accounted for as separate transactions based on their respective terms (unless rentals are unreasonable in relation to market conditions). If a seller-lessee retains more than a minor part of the remaining use of the leased asset but less than substantially all of it, and the profit on the sale exceeds the present value of the minimum lease payments due under the operating leaseback, that excess is recognized as profit at the date of sale. All other profit is deferred and generally amortized over the lease term.

Under Indonesian FAS, when the leaseback is a capital leaseback in a sale-and-leaseback type of lease, gain or loss is deferred and amortized over the lease term. Under U.S. GAAP, when the leaseback is a capital leaseback in a sale-and-leaseback type of lease, the seller-lessee is presumed to have retained substantially all the remaining use of the leased asset when the leaseback is classified as a capital lease. In such cases, the profit on sale is deferred.

Under Indonesian FAS, there is no specific accounting standard that governs the sale-and-leaseback of real estate. Under U.S. GAAP, if real estate is involved, while the above-mentioned model generally applies, the specialized rules also must be applied. Those rules are very restrictive with respect to the seller's continuing involvement, and they may not allow for recognition of the sale.

Income Taxes

Under Indonesian FAS, tax basis is generally the amount deductible or taxable for tax purposes. The way management intends to settle or recover the carrying amount affects the determination of tax basis. Under U.S. GAAP, tax basis is a question of fact under the tax law. For most assets and liabilities, there is no dispute on this amount; however, when uncertainty exists, it is determined in accordance with Accounting Standard Codification 740-10-25, "Income Taxes".

Indonesian FAS requires taxes paid on intercompany profits to be recognized as incurred and requires the recognition of deferred taxes on temporary differences between the tax bases of assets transferred between entities/tax jurisdictions that remain within the consolidated group. U.S. GAAP requires taxes paid on intercompany profits to be deferred and prohibits the recognition of deferred taxes for the increases in the tax

bases due to the intercompany sale or transfer of inventory. The income tax effects of the intercompany sale or transfer of inventory is recognized when the inventory is sold to a party outside of the consolidated group. Entities are required to recognize the income tax effects of intercompany sales and transfers of assets other than inventory in the period in which the transfer occurs.

Under Indonesian FAS, there is no specific accounting standard that governs the accounting for uncertain tax positions. Indonesian Statement of Financial Accounting Standards 46, "Income Taxes", indicates that tax assets and liabilities should be measured at the amount expected to be paid based on enacted or substantively enacted tax legislation. Some adopt a "one-step" approach that recognizes all uncertain tax positions at an expected value. Others adopt a "two-step" approach that recognizes only those uncertain tax positions that are considered more-likely-than-not to result in a cash outflow. Practice varies regarding the consideration of detection risk in the analysis. Under U.S. GAAP, a two-step process is required when assessing uncertain tax positions, separating recognition from measurement. A benefit is recognized when it is more-likely-than-not to be sustained based on the technical merits of the position. Detection risk is precluded from being considered in the analysis. The amount of benefit to be recognized is based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The unit of account for uncertain tax positions is based on the level at which an entity prepares and supports the amounts claimed in the tax return and considers the approach the entity anticipates the taxation authority will take in an examination.

Under Indonesian FAS, deferred tax effects arising from the initial recognition of an asset or liability are not recognized when: (i) the amounts did not arise from a business combination, and (ii) upon occurrence, the transaction affects neither accounting nor taxable profit (e.g. acquisition of non-deductible assets). Under U.S. GAAP, there is no exemption for non-recognition of deferred tax effects for certain assets or liabilities.

Under Indonesian FAS, deferred tax assets are recognized only to the extent that it is probable (more-likely-than-not) that they will be realized. Under U.S. GAAP, deferred tax assets are recognized in full (except for certain outside basis differences), but the valuation allowance reduces them to the amount that is more-likely-than-not to be realized.

Under Indonesian FAS, enacted or "substantively enacted" tax rates as of the date of the statement of financial position must be used in calculating deferred tax asset or liability. Under U.S. GAAP, enacted tax rates as of the date of the statement of financial position must be used in calculating deferred tax asset or liability.

Under Indonesian FAS, recognition of deferred tax liabilities from investments in subsidiaries or joint ventures (often referred to as outside basis differences) is not required if the reporting entity has control over the timing of the reversal of the temporary difference, and it is probable (more-likely-than-not) that the difference will not reverse in the foreseeable future. Under U.S. GAAP, recognition of deferred tax liabilities from investments in subsidiaries or joint ventures (often referred to as outside basis differences) is not required for investment in a foreign subsidiary or foreign corporate joint venture that is essentially permanent in duration unless it becomes apparent that the difference will reverse in the foreseeable future.

Provisions and Contingencies

Under Indonesian FAS, a loss must be "probable" (in which "probable" is interpreted as "more-likely-than-not") to be recognized. "More-likely-than-not" refers to a probability of greater than 50%. Under U.S. GAAP, a loss must be "probable" (in which "probable" is interpreted as "likely") to be recognized. While U.S. GAAP does not ascribe a percentage to "probable", it is intended to denote a high likelihood (e.g. 70% or more).

Under Indonesian FAS, provisions should be recorded at the estimated amount to settle or transfer the obligation taking into consideration the time value of money. The discount rate to be used should be "a pre-tax rate (or rates) that reflects (or reflect) current market assessments of the time value of money and the risks

specific to the liability." Under U.S. GAAP, provisions may be discounted only when the amount of the liability and the timing of the payments are fixed or reliably determinable, or when the obligation is a fair value obligation (e.g. an asset retirement obligation). The discount rate to be used is dependent upon the nature of the provision, and may vary from that used under Indonesian FAS. However, when a provision is measured at fair value, the time value of money and the risks specific to the liability should be considered.

Under Indonesian FAS, the best estimate of obligation should be accrued. For a large population of items being measured (such a warranty costs), the best estimate is typically expected value, although the midpoint in the range may also be used when any point in a continuous range is as likely as another. The best estimate for a single obligation may be the most likely outcome, although other possible outcomes should still be considered. Under U.S. GAAP, the most likely outcome within the range should be accrued. When no one outcome is more likely than the others, the minimum amount in the range of outcomes should be accrued.

Under Indonesian FAS, once management has "demonstrably committed" (i.e. a legal or constructive obligation has been incurred) to a detailed exit plan, the general provisions under Indonesian Statement of Financial Accounting Standards 57, "Provisions, Contingent Liabilities, and Contingent Assets" apply. Costs typically are recognized earlier than under U.S. GAAP because Indonesian FAS focuses on the exit plan as a whole rather than the individual cost components of the exit plan. Under U.S. GAAP, once management has committed to a detailed exit plan, each type of cost is examined to determine when recognized. Involuntary employee termination costs under a one-time benefit arrangement are recognized over future service period, or immediately if there is no future service required. Other exit costs are expensed when incurred.

Revenue Recognition

Under Indonesian FAS, revenue is defined as the gross inflow of economic benefits during the period arising during the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Under this principle, revenue from sale of goods is recognized only when: (i) risks and rewards of ownership have been transferred, (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenues can be measured reliably, (iii) it is probable that the economic benefits will flow to the seller, and (iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably; while revenue from rendering of services may be recognized in accordance with long-term contract accounting whenever revenues, costs, and the stage of completion can be measured reliably and it is probable that economic benefits will flow to the seller. Under U.S. GAAP, ASC 606 governs the accounting for revenue and is broadly applicable to all revenue transactions with customers (with some limited scope exceptions, for example: insurance contracts, financial instruments, leases). ASC 606 also specifies the accounting for costs an entity incurs to obtain and fulfill a contract to provide goods and services to customers and provide a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property and equipment, including real estate. The core principle of ASC 606 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to be entitled in exchange for those goods or services. It also requires comprehensive disclosures and changes the way entities communicate information in the notes to the financial statements. The principles in ASC 606 are applied using the following five steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASC 606 requires retrospective adoption either using a "full retrospective" method (applied to all the periods presented) or a "modified retrospective" method (applied only to the most current period presented in the financial statements).

Share-Based Payments

Under Indonesian FAS, there is no accounting policy election for forfeitures. Initial accruals of compensation cost are based on the estimated number of instruments for which the requisite service is expected

to be rendered. That estimate should be revised if subsequent information indicates that the actual number of instruments expected to vest is likely to differ from previous estimates. Under U.S. GAAP, entities will have to elect whether to account for forfeitures by: (i) recognizing forfeitures of awards as they occur (e.g. when an award does not vest because the employee leaves the entity), or (ii) estimating the number of awards expected to be forfeited and adjusting the estimate when subsequent information indicates that the estimate is likely to change.

Under Indonesian FAS, a performance condition is a vesting condition that must be met while the counterparty is rendering service. The period to achieve a performance condition must not extend beyond the end of the service period. If a performance target can be achieved after the employee's requisite service period, it would be accounted for as a non-vesting condition that affects the grant date fair value of the award. Under U.S. GAAP, a performance condition where the performance target affects vesting can be achieved after the employee's requisite service period. Therefore, the period to achieve a performance target can extend beyond the end of the service period.

Under Indonesian FAS, the definition of an employee is more general in that it includes individuals who provide services like those rendered by employees. Fair value of the transaction should be based on the fair value of the goods or services received, and only on the fair value of the equity instruments granted in the rare circumstance that the fair value of the goods and services cannot be reliably estimated. Measurement date is the date the entity obtains the goods or the counterparty renders the services. No performance commitment concept exists. Under U.S. GAAP, the definition of an employee focuses primarily on the common law definition of an employee. The fair value of: (i) the goods or services received, or (ii) the equity instruments granted, whichever is more reliably measurable, is used to value the transaction. Measurement date is the earlier of: (i) the date at which a "commitment for performance" by the counterparty is reached, or (ii) the date at which the counterparty's performance is complete.

Under Indonesian FAS, compensation cost for awards with graded vesting features must be recognized on an accelerated basis and each individual tranche must be separately measured. Under U.S. GAAP, entities make an accounting policy election to recognize compensation cost for awards containing only service conditions either on a straight-line basis or on an accelerated basis, regardless of whether the fair value of the award is measured based on the award as a whole or for each individual tranche.

Under Indonesian FAS, liability classification is required (i.e. no six-month consideration exists like in U.S. GAAP) for equity repurchase features at employee's election. Under U.S. GAAP, liability classification is not required if employee bears risks and rewards of equity ownership for at least six months from the date the shares are issued or vest.

Under Indonesian FAS, when there is modification of vesting terms that are improbable of achievement, compensation cost is determined based on the grant date fair value of the award, together with any incremental fair value at the modification date. The determination of whether the original grant date fair value affects the accounting is based on the ultimate outcome (i.e. whether the original or modified conditions are met) rather than the probability of vesting as of the modification date. Under U.S. GAAP, if an award is modified such that the service or performance condition, which was previously improbable of achievement, is probable of achievement because of the modification, the compensation cost is determined based on the fair value of the modified award at the modification date. Grant date fair value of the original award is not recognized.

Employee Benefits Other Than Share-Based Payments

Under Indonesian FAS, the projected unit credit method is required in all cases in computing employee benefits liability for defined benefit plans. Under U.S. GAAP, different methods are required in computing employee benefits liability for defined benefit plans, depending on the characteristics of the plan's benefit formula.

Under Indonesian FAS, the concept of an expected return on plan assets does not exist in calculating the expected return on plan assets. Instead, a "net interest" expense/(income) on the net defined benefit liability/(asset) is recognized as a component of defined benefit cost based on the discount rate used to determine the obligation. Under U.S. GAAP, the concept of an expected return on plan assets exists in calculating the expected return on plan assets, which is calculated using the expected long-term rate of return on invested assets and the market related value of the assets (based on either the fair value of plan assets at the measurement date or a "calculated value" that smooths changes in fair value over a period not to exceed five years, at the employer's election).

Under Indonesian FAS, actuarial gains and losses must be recognized immediately in other comprehensive income. Gains and losses are not subsequently recognized in net income. Under U.S. GAAP, actuarial gains and losses may be recognized in net income as they occur or deferred in other comprehensive income and subsequently amortized to net income through a corridor approach.

Under Indonesian FAS, prior service costs or credits from plan amendments are recognized immediately in net income. Under U.S. GAAP, prior service costs or credits from plan amendments are initially deferred in other comprehensive income and subsequently recognized in net income over the average remaining service period of active employees or, when all or almost all participants are inactive, over the average remaining life expectancy of those participants.

Under Indonesian FAS, settlement gain or loss is recognized in net income when it occurs. Fewer events qualify as settlements under Indonesian FAS. Change in the defined benefit obligation from a curtailment is recognized in net income at the earlier of when it occurs or when related restructuring costs or termination benefits are recognized. Under U.S. GAAP, settlement gain or loss is recognized in net income when the obligation is settled. Curtailment loss is recognized in net income when the curtailment is probable of occurring and the loss is estimable, while curtailment gain is recognized in net income when the curtailment occurs.

Under Indonesian FAS, a multi-employer post-retirement plan is accounted for as either a defined contribution plan or defined benefit plan based on the terms (contractual and constructive) of the plan. If it is accounted for as a defined benefit plan, an entity must account for the proportionate share of the plan like any other defined benefit plan unless sufficient information is not available. Under U.S. GAAP, a multi-employer post-retirement plan is accounted for like a defined contribution plan.

Earnings per Share

Under Indonesian FAS, contracts that may be settled in shares or cash at the issuer's option are always assumed to be settled in shares. Under U.S. GAAP, contracts that may be settled in shares or cash at the issuer's option are presumed to be settled in shares unless evidence is provided to the contrary (i.e. the issuer's past practice or stated policy is to settle in cash).

Under Indonesian FAS, in computing the year-to-date and annual diluted earnings per share ("EPS") for options and warrants (using the treasury stock method) and for contingently issuable shares, regardless of whether the period is profitable, the number of incremental shares is computed as if the entire year-to-date period were "the period" (i.e. not to average the current quarter with each of the prior quarters). Under U.S. GAAP, in computing the year-to-date and annual diluted EPS for options and warrants (using the treasury stock method) and for contingently issuable shares, for year-to-date and annual computations when each period is profitable, the number of incremental shares added to the denominator is the weighted average of the incremental shares that were added to the denominator in each of the quarterly computations.

Under Indonesian FAS, for options, warrants, and their equivalents, Indonesian FAS does not explicitly require assumed proceeds under the treasury stock method to include the income tax effects on additional paid-in capital. Under U.S. GAAP, assumed proceeds under the treasury stock method exclude the income tax effects of share-based payment awards because they are no longer recognized in additional paid-in capital.

Under Indonesian FAS, potentially issuable shares in a contingently convertible debt situation are considered "contingently issuable" and are included in diluted EPS using the "if-converted" method only if the contingencies are satisfied at the end of the reporting period. Under U.S. GAAP, potentially issuable shares in a contingently convertible debt situation are included in diluted EPS using the "if-converted" method if one or more contingencies relate to a market price trigger (e.g. the entity's share price), even if the market price trigger is not satisfied at the end of the reporting period.

Segment Reporting

Under Indonesian FAS, all entities determine segments based on the management approach, regardless of form of organization. Under U.S. GAAP, entities with a "matrix" form of organization must determine segments based on products and services.

Subsequent Events

Under Indonesian FAS, subsequent events are evaluated through the date that the financial statements are "authorized for issue". Depending on an entity's corporate governance structure and statutory requirements, authorization may come from management or a board of directors. Under U.S. GAAP, subsequent events are evaluated through the date the financial statements are issued (for United States Securities and Exchange Commission ("SEC") registrants and conduit bond obligors) or available to be issued (for all entities other than SEC registrants and conduit bond obligors). Financial statements are considered issued when they are widely distributed to shareholders or other users in a form that complies with U.S. GAAP. Financial statements are considered available to be issued when they are in a form that complies with U.S. GAAP and all necessary approvals have been obtained.

Indonesian FAS does not specifically address the reissuance of financial statements and recognizes only one date through which subsequent events are evaluated, that is, the date that the financial statements are authorized for issuance, even if they are being reissued. As a result, only one date will be disclosed with respect to the evaluation of subsequent events, and an entity could have adjusting subsequent events in reissued financial statements. If financial statements are reissued because of adjusting subsequent events or an error correction, the date the reissued statements are authorized for reissuance is disclosed. Indonesian FAS does not address the presentation of re-issued financial statements in an offering document when the originally issued financial statements have not been withdrawn, but the reissued financial statements are provided either as supplementary information or as a re-presentation of the originally issued financial statements in an offering document in accordance with regulatory requirements. Under U.S. GAAP, if the financial statements are reissued, events or transactions may have occurred that require disclosure in the reissued financial statements to keep them from being misleading. However, an entity should not recognize events occurring between the time the financial statements were issued or available to be issued and the time the financial statements were reissued unless the adjustment is required by U.S. GAAP or regulatory requirements (e.g. stock splits, discontinued operations, or the effect of adopting a new accounting standard retrospectively would give rise to an adjustment). Entities must disclose both the date that the financial statements were originally issued and the date that they were reissued if the financial statements were revised due to an error correction (i.e. a "type I" subsequent event or retrospective application of U.S. GAAP).

Under Indonesian FAS, short–term loans refinanced after the date of the statement of financial position may not be reclassified to long-term liabilities unless the entity expected and had the discretion to refinance the obligation for at least 12 months at the date of the statement of financial position. Under U.S. GAAP, short-term loans are classified as long-term if the entity intends to refinance the loans on a long-term basis and, prior to issuing the financial statements, the entity can demonstrate an ability to refinance the loans by meeting specific criteria.

LEGAL MATTERS

Certain legal matters in connection with the Notes will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP with respect to matters of U.S. federal securities law, by Allen & Gledhill LLP with respect to matters of Singapore law and by Assegaf Hamzah & Partners with respect to matters of Indonesian law and for the Initial Purchasers by Sidley Austin LLP with respect to matters of U.S. law and by Witara Cakra Advocates with respect to matters of Indonesian law. In rendering such opinions, Skadden, Arps, Slate, Meagher & Flom LLP and Sidley Austin LLP may rely upon the opinions of Assegaf Hamzah & Partners and Witara Cakra Advocates, respectively, as to all matters of Indonesian law and of Allen & Gledhill LLP as to all matters of Singapore law.

INDEPENDENT PUBLIC ACCOUNTANTS

The summary consolidated financial information for the Company as of and for the years ended December 31, 2016, 2017, and 2018 are derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which were prepared in accordance with Indonesian FAS, and included elsewhere in this Offering Circular.

The Company's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited) independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit reports appearing elsewhere in this Offering Circular.

The summary consolidated financial information for Ophir as of and for the years ended December 31, 2016, 2017, and 2018 are derived from Ophir's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, (prepared in accordance with EU IFRS and is also included in this Offering Circular) which were provided in Public Sources.

Ophir's audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018, which were prepared in accordance with EU IFRS, have been audited by Ernst & Young LLP, independent auditors, in accordance with International Standards on Auditing (UK).

EXPERTS

Summaries of the reserves certifications and reserves estimations of ERCE and GCA (each being independent consultants) have been included in this Offering Circular in reliance on the authority of such firms as experts in estimating oil and gas reserves. Each of GCA and ERCE have given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion in it of its reserves certifications or estimations, as applicable, in the form and context in which they are included.

RATINGS

The Notes are expected to be rated "B2" by Moody's, "B" by S&P and "B+" by Fitch. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See "Risk Factors—Risks Relating to the Notes and the Guarantees—The ratings assigned to the Notes may be lowered or withdrawn entirely in the future."

GLOSSARY

Certain Defined Terms

"1C"	means with respect to contingent resources, in the "low estimate" scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 90%.
"AFS"	means available-for-sale.
"Alpha"	means adjustment to the Dated Brent price to accommodate crude quality, international oil price, and national energy security.
"AMDAL"	means an environmental impact analysis (*Analisa Mengenai Dampak Lingkungan*) required under the Environmental Law.
"AMG"	means PT Api Metra Graha.
"AMI"	means PT Amman Mineral Internasional.
"AMIV"	means PT Amman Mineral Investama.
"AMNT"	means PT Amman Mineral Nusa Tenggara.
"AMV"	means PT Amman Mineral Ventura.
"API"	means PT AP Investment.
"ASC"	means the Accounting Standard Codification.
"ASR"	means abandonment and site restoration for upstream oil and gas business activities.
"B/G"	means a bank guarantee facility in the form of uncommitted bank guarantee.
"Bapepam-LK"	means Badan Pengawas Pasar Modal dan Lembaga Keuangan (or Capital Market Supervisory Agency).
"BJI"	means PT Bio Jatropha Indonesia.
"BKPM"	means the Coordinating Investment Board (*Badan Koordinasi Penanaman Modal*) of the Government.
"Block A, Aceh PSC"	means the PSC between Pertamina and Asamera Oil (Indonesia) Ltd. dated July 6, 1989, which expired on August 31, 1991, and the amended and restated PSC between Pertamina, PT Medco EP Malaka, Premier Oil Sumatra (North) BV. and Japex Block A Ltd. dated October 28, 2010 that became effective as of September 1, 2011, as may be amended from time to time.

"BPD"	means barrels per day
"BMI"	means PT. Bank Muamalat Indonesia Tbk.
"BNI"	means PT Bank Negara Indonesia (Persero) Tbk.
"BP MIGAS"	means Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi, the non-profit Government-owned operating board that is succeeding to Pertamina's role as regulator of upstream oil and gas activities under the Oil and Gas Law.
"BPH MIGAS"	means Badan Pengatur Hilir Minyak Dan Gas Bumi, the non-profit Government-owned operating board that is succeeding to Pertamina's role as regulator of downstream oil and gas activities under the Oil and Gas Law.
"BPJS"	means the national healthcare and employment social security schemes.
"Brent price"	means Brent crude oil price.
"BSM"	means PT Bank Syariah Mandiri.
"BSM-BMI"	means the syndication of PT Bank Syariah Mandiri and PT Bank Muamalat Indonesia Tbk.
"BUMD"	means a regional government-owned enterprise (*Badan Usaha Milik Daerah*).
"BUMN"	means a state-owned enterprise (*Badan Usaha Milik Negara*).
"CAGR"	means compounded annual growth rate.
"CCPP"	means a combined cycle power plant.
"CE"	means Chubu Electric Power Co. Inc.
"CGU"	means a cash generating unit.
"Chubu"	means Chubu Electric Power Co, Inc.
"CoD"	means a certificate of domicile.
"COD"	means commercial operation date, which is the date as of which a project commences commercial operations.
"Company"	means Medco Energi and its consolidated subsidiaries.
"ConocoPhillips"	means ConocoPhillips Indonesia.
"Consortium"	means a consortium of MPI and PT Dalle Engineering Construction.

"contract area"	means a specified geographic area that is the subject of a production sharing arrangement pursuant to which an operator and its partners provide financing and technical expertise to conduct exploration, development and production operations.
"COSPA"	means Crude Oil Sale and Purchase Agreement.
"COW"	means contract of work
"CPI"	means Consumer Price Index.
"Curator PKLC"	means the Curator Team of PT Panghegar Kana Legacy.
"custodian"	has the same meaning as set forth in the Indonesian Regulation PER-10/PJ/2017.
"Dated Brent"	means a benchmark assessment of the price of physical, light North Sea crude oil of physical cargoes of crude oil in the North Sea that have been assigned specific delivery dates.
"DBS"	means PT Bank DBS Indonesia.
"DCQ"	means daily contracted quantity.
"DE"	means PT Dago Endah.
"DEB"	means PT Dalle Energy Batam.
"delineation well" or "appraisal well"	means a well drilled in a newly discovered or known discovery to gain further information.
"development well"	means a well that is drilled to exploit the hydrocarbon accumulation defined by an appraisal or delineation well.
"DGMCG"	means the Directorate General of Minerals, Coal and Geothermal of Indonesia.
"DGOG"	means the Directorate General of Oil and Gas of Indonesia.
"DGT"	means the Directorate General of Tax of Indonesia.
"DMO"	means Domestic Market Obligations.
"DPR"	means the House of Representatives (*Dewan Perwakilan Rakyat*) of Indonesia.
"dry well" or "dry hole"	is an exploratory, development or appraisal well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.
"DSLNG"	means PT Donggi Senoro LNG, a joint venture company established in 2007 by a consortium consisting of PT Medco

. . . . .	LNG Indonesia (a wholly owned subsidiary of our Group), Mitsubishi Corporation and KOGAS through their joint venture Sulawesi LNG Development Ltd., and Pertamina through its subsidiary PT Pertamina Hulu Energi.
"DTR"	means PT Duta Tambang Rekayasa.
"DTSA"	means PT Duta Tambang Sumber Alam.
"ELB"	means PT Energi Listrik Batam.
"EMR"	means Energy and Mineral Resources.
"Encore"	means Encore Energy Pte Ltd.
"Energi Sengkang"	means PT Energi Sengkang.
"Environmental Law"	means he Government enacted Law No. 32 of 2009 regarding Environmental Protection and Management.
"Environmental License"	means an Environmental License (*Izin Lingkungan*) from the Ministry of the Environment.
"EPC"	means engineering, procurement and construction.
"EPE"	means PT Energi Prima Elektrika.
"EPSA"	means Exploration and Production Sharing Agreement.
"ESC"	means Energy Sales Contract.
"ET-Batubara"	means a Registered Coal Exporter (*Eksportir Terdaftar Batubara*).
"exploration well"	means a well that is designed to test the validity of a seismic interpretation and to confirm the presence of hydrocarbons in an undrilled formation.
"Explosive Regulations"	mean the Decree of Minister of Mining and Energy No. 555.K/26/M.PE/1995 on General Mining Occupational Safety and Health and the Regulation of Head of National Police No. 2 of 2008 on Supervision, Control and Safety of Commercial Explosive Materials.
"FID"	means the final investment decision.
"Financial Sector Incentive"	has the same meaning as set forth in the Indonesian Regulation PER-10/PJ/2017.
"Forestry Law"	means the Law No. 41 of 1999 on Forestry, as amended by Government Regulation as Substitute of Law No. 1 of 2004.
"FPSO"	means the Floating Production Storage and Offloading facilities.
"FRS"	means the Singapore Financial Reporting Standard.

"FSI-BM Companies"	mean Financial Sector Incentive (Bond Market) Companies (as defined in the ITA).
"FSI-CM Companies"	mean Financial Sector Incentive (Capital Market) Companies (as defined in the ITA).
"FSI-ST Companies"	mean Financial Sector Incentive (Standard Tier) Companies (as defined in the ITA).
"FSO"	means floating storage and offloading vessel.
"FTP"	means first tranche petroleum.
"GCA"	refers to Gaffney, Cline & Associates.
"Geothermal Law"	means the Law No. 21 of 2014 on the Geothermal Resources.
"GHG"	means global greenhouse gas.
"Government Benchmark Price"	means the Coal Benchmark Price or Mineral Benchmark Price (*Harga Patokan Batubara atau Harga Patokan Mineral Logam*) that is determined each month by the DGMCG.
"Government"	means the Government of Indonesia.
"GR"	means Government Regulations enacted by the Government.
"gross working interest production"	represents the sum of the oil and gas production from each of the Company's blocks multiplied by the effective interest in such block.
"gross working interest reserves"	represents reserves attributable to the Company's effective interest prior to deduction of Government take payable to the Government as owner of the reserves under the applicable contractual arrangement.
"GSA"	means Gas Sale Agreements.
"HOAs"	means binding heads of agreements.
"HSE"	means the health, safety and environment.
"HSFO"	means High Sulfur Fuel Oil 180 CST.
"HTM"	means held-to-maturity.
"ICP"	means the Indonesia Crude Price, which is a benchmark oil price that is currently based on the Brent benchmark oil price plus Alpha.

"ICP-SLC"	means the Indonesian Crude Price-Sumatra Light Crude/Minas, a reference price calculated using a formula determined by the Government.
"IDP"	means a Company Registration Certificate (*Tanda Daftar Perusahaan*).
"IDR"	means Indonesian Rupiah.
"IDS Shelf Bonds"	means Rupiah-Denominated Shelf Bonds.
"IDX"	means the Indonesia Stock Exchange (formerly known as the Jakarta Stock Exchange or JSX).
"IIF"	means PT Indonesia Infrastructure Finance.
"Indonesia Income Tax"	has the same meaning as set forth in the Indonesian Regulation PER-10/PJ/2017.
"Indonesia"	means the Republic of Indonesia.
"Indonesian Bankruptcy Law"	means the Law No. 37 of 2004 regarding Bankruptcy and Suspension of Obligation for Payment of Debts.
"Indonesian FAS"	means Indonesian Financial Accounting Standards.
"Indonesian participant"	means an Indonesian entity which must be offered a certain specified percentage undivided interest in the total rights and obligations under a production sharing arrangement.
"ING"	means ING Bank N.V., Singapore Branch.
"IO"	means an Operation License (*Izin Operasi*) for the purpose of supplying electricity for private use.
"IPB"	means a Geothermal License (*Izin Panas Bumi*).
"IPP"	means Independent Power Producer.
"IPPKH"	means a Borrow-Use Forestry Permit (*Izin Pinjam Pakai Kawasan Hutan*) issued by the Minister of Environment and Forestry.
"IPR"	means a People's Mining License (*Ijin Pertambangan Rakyat*).
"ISO"	means International Organization for Standardization.
"ISRS"	means International Stereotactic Radiosurgery Society.
"ITA"	means the Income Tax Act, Chapter 134 of Singapore.
"Itochu"	means Itochu Petroleum Co., (Singapore) Pte. Ltd.

"IUKS"	means an Electricity Business License for Self-Use (*Izin Usaha Ketenagalistrikan Untuk Kepentingan Sendiri*).
"IUKU"	means an Electricity Business License for Public Use (*Izin Usaha Ketenagalistrikan Untuk Kepentingan Umum*).
"IUP"	means a Mining Business License (*Ijin Usaha Pertambangan*.
"IUPK"	means a Special Mining Business License (*Izin Usaha Pertambangan Khusus*).
"IUPK OP"	means Special Mining Business License—Operation Production (*Izin Usaha Pertambangan Khusus—Operasi Produksi*).
"IUPTL"	means an Electricity Supply Business License (*Izin Usaha Penyediaan Tenaga Listrik*).
"JCC"	means Japan Crude Cocktail.
"JOB(s)"	means Joint Operating Body/Bodies.
"JOB-PMEPTS"	means JOB Pertamina-Medco E&P Tomori Sulawesi.
"KOGAS"	means Korea Gas Corporation.
"KP"	means mining authorizations (*Kuasa Pertambangan*).
"KPPK Report"	refers to the prudential principle implementation activity report.
"KSF"	means Karim Small Fields.
"KSOs"	mean Operation Cooperation Agreements.
"Labor Law"	means the Law No. 13 of 2003 regarding employment enacted on March 25, 2003 by President Megawati.
"Labor Union Law"	means the Law No. 21 of 2000 regarding Labor Unions enacted by the Government.
"lead"	means preliminary interpretation of geological and geophysical information that may or may not lead to prospects.
"Lematang PSC"	is the production sharing contract between Pertamina and Enim Oil Company Ltd dated April 6, 1987, and the amended and restated PSC between SKK Migas, PT Medco EP Lematang, Lundin lematang BV. and Lematang E&P Ltd. dated June 28, 2016, as may be amended from time to time.
"LIA"	means the Libyan Investment Authority.
"LIBOR"	refers to the London Interbank Offering Rate.

"lifting cost" or "production cost"	means, for a given period, cost incurred to operate and maintain wells and related equipment and facilities.
"LNG SPA"	means the LNG Sale & Purchase Agreement with KOGAS dated January 2011, which has the total commitment of 0.7 million ton of LNG per annum.
"LNG"	means liquefied natural gas.
"LPG"	means liquefied petroleum gas.
"Mandiri"	means PT Bank Mandiri (Persero) Tbk.
"MAS"	means the Monetary Authority of Singapore.
"MCG"	means PT Medco Cahaya Geothermal.
"MDAL"	means PT Medco Daya Abadi Lestari.
"MDS"	means PT Medco Days Sentosa.
"MEB"	means PT Mitra Energi Batam.
"Medco E&P Indonesia"	means PT Medco E&P Indonesia (formerly PT Exspan Nusantara).
"Medco Energi"	means PT Medco Energi Internasional Tbk.
"Medco Madura"	means Medco Madura Pty Limited, a subsidiary of Medco Energi.
"Medco Simenggaris"	means Medco Simenggaris Pty Ltd., a subsidiary of Medco Energi.
"MEGS"	means PT Mitra Energi Gas Sumatra.
"MEM"	means PT Medco Energi Menamas.
"MEMR Regulation"	refers to the Ministry of Energy and Mineral Regulation No. 29 of 2017 on the Licenses for Oil and Gas Business Activities.
"MEMR"	means the Ministry of Energy and Mineral Resources.
"Menamas"	means PT Menamas.
"MEPL"	means PT Medco E&P Lematang.
"Meppogen"	means PT Meta Epsi Pejebe Power Generation.
"MGI"	means PT Medco Gas Indonesia.
"MGS"	means PT Medco Geothermal Sarulla.

"MI"	means PT Medco Intidinamika.
"MIGAS"	refers to the Directorate General of Oil & Gas (*Direktorat Jenderal Minyak dan Gas Bumi*), of the Ministry of Energy and Mineral Resources of the Republic of Indonesia
"Ministry"	means Ministry of Energy and Natural Resources, Indonesia.
"MIV"	means Medco International Ventures Ltd.
"MK"	means the Indonesian Constitutional Court (*Mahkamah Konstitusi*).
"MoF"	means the Ministry of Finance of Indonesia.
"MOTR"	means the Ministry of Trade.
"MP"	means mining authorizations (*Kuasa Pertambangan*).
"MPE"	means PT Multidaya Prima Elektrindo.
"MPR"	means Medco Platinum Road Pte. Ltd.
"MSS"	means Medco Strait Services Pte. Ltd.
"MTN"	means medium term notes.
"MUFG"	means MUFG Bank Ltd.
"NCD"	means Negotiable Certificate Deposit.
"net production" or "net entitlement"	represents the Company's share of gross working interest production after deducting the share payable to the Government pursuant to the terms of the relevant production sharing arrangement.
"Net reserves"	represents reserves attributable to the Company's effective interest, after deduction of Government take payable to the Government as owner of the reserves under the applicable contractual arrangement.
"NIB"	means a Business Identification Number (*Nomor Induk Berusaha*).
"NIL"	means the Namora I Langit reservoir (under the JOC Sarulla Operations Ltd).
"Non-Bank Corporations"	has the same meaning as set forth in the No. 16/22/PBI/2014 regarding the Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in Relation to an Offshore Loan Management for Non-Bank Corporation.

"Noteholder(s)"	means holder(s) of the Notes.
"O&M"	means Operations and maintenance.
"OCBC"	means Overseas-Chinese Banking Corporation.
"Offshore Debt Plan"	has the same meaning as set forth in the No. 16/22/PBI/2014 regarding the Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in Relation to an Offshore Loan Management for Non-Bank Corporation.
"OHSAS"	means Occupational Health and Safety Assessment Series.
"Oil and Gas Law"	refers to the oil and gas law as set forth in Law No. 22 of 2001 enacted on November 23, 2001 by the Government.
"OJK Regulation"	refers to the OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuer or Public Companies as implemented by OJK Circular Letter No. 30/SEOJK.04/2016 on Format and Content of Annual Report of Issuer or Public Companies to periodically submit financial reports, including annual financial statements and semi-annual financial statements pursuant to Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements.
"OJK"	means the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan*).
"Oman Oil"	means Oman Oil Company S.A.O.C.
"OPEC"	means the Organization of Petroleum Exporting Countries.
"PADG"	means Governor of Bank Indonesia Regulation.
"PBI"	means Bank Indonesia Regulation.
"PDCL"	means Petro Diamond Co. Ltd.
"PDO"	means Petroleum Development Oman LLC.
"PDS"	means Petro Diamond Singapore Pte. Ltd.
"Persero"	means PT Pertamina (Persero).
"Pertamina"	means Perusahaan Pertambangan Minyak Dan Gas Bumi Negara, the Indonesian state-owned oil and gas company.
"PESA"	means Participating and Economic Sharing Agreement.
"Petronas"	means Petroliam Nasional Berhad.
"PGN"	means PT Perusahaan Gas Negara (Persero) Tbk.

"PJB"	means PT Pembangkitan Jawa-Bali.
"PKPU"	means a suspension of payment obligations under the Indonesian Bankruptcy Law.
"PKUK"	means the exclusive Holders of the Electricity Business Authority (*Pemegang Kuasa Usaha Ketenagalistrikan*) that supplies electricity in Indonesia—PLN.
"Platts"	means S&P Global Platts.
"PLN DJB"	means PLN West Java Distribution.
"PLN WS2JB"	means PT PLN (Persero) Wilayah Sumetera Selatan Jambi dan Bengkulu.
"PLN"	means PT Perusahaan Listrik Negara (Persero).
"PLN-E"	means PT Prima Layanan Nasional Enjiniring.
"possible reserves"	are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than probable reserves.
"PPA"	means Power Purchase Agreement.
"PPP"	means PT Pembangkit Pusakan Parahiangan
"PPPSRS"	means the Residents of Condominium of Condotel Dago (*Penghuni Satuan Rumah Susun Condotel Dago*).
"PR"	means Presidential Regulation.
"PRIME"	means an HSE management system known as Performance Integrity of Medco E&P.
"probable reserves"	are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves.
"prospects"	mean geological structures conducive to the production of oil and gas.
"proved and probable and possible reserves"	are proved and probable reserves and possible reserves.
"proved and probable reserves"	are proved reserves and probable reserves.
"proved reserves"	represents those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a

	given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.
"PSAK"	means the Indonesian Statement of Financial Accounting Standards (*Pernyataan Standar Akuntansi Keuangan*).
"PSC(s)"	means Production Sharing Contract(s).
"QDS"	means qualifying debt securities under the ITA.
"QE"	means Kyushu Electric Power Co. Inc.
"Reserves"	are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
"RIM"	means RIM Intelligence Co.
"Rimau PSC"	means the PSC between Pertamina and PT Stanvac Indonesia dated April 23, 1973, as may be amended from time to time, and the renewal and extension PSC between Pertamina, Exspand Airsenda Inc. and Exspan Airlimau Inc. dated December 7, 2001 that became effective as of April 23, 2003, and amended and restated production sharing contract between SKK Migas, PT Medco EP Rimau, and Perusahaan Daerah Pertambangan dan Energi dated February 14, 2019 that will become effective on April 23, 2023, as may be amended from time to time.
"RMC"	means the Risk Management Committee.
"Rp." or "Rupiah"	means Indonesian Rupiah.
"RPR"	means PT Medco Ratch Power Riau.
"Rule No. IX.E.1"	refers to the Rule No. IX.E.1 on Affiliated Party Transaction and Conflict of Interest of Certain Transaction which replaced the previous rule issued in 2008.
"SCB"	means Standard Chartered Bank.
"SCBD"	means the Sudirman Central Business District in Jakarta.
"SCPP"	means a simple cycle power plant.
"SembCorp"	means SembCorp Industries.
"Sembgas"	means SembCorp Gas Pty. Ltd.
"Senoro-Toili JOB-PSC"	means the PSC between Pertamina and Union Texas Tomori, Inc dated December 4, 1997, and Amendment to Production Sharing

	Contract of Contract Area: Tomori Block between BPH Migas, PT Pertamina (Persero), PT Pertamina Hulu Energi Tomori Sulawesi and PT Medco EP Tomori Sulawesi dated September 14, 2009, as may be amended from time to time.
"SGD bonds"	means the S$100.0 million 5.90% Notes due 2018 issued by Medco Energi Global Pte. Ltd. under the S$500.0 million Multicurrency Medium Term Note Programme unconditionally and irrevocably guaranteed by the Parent Guarantor.
"SIBOR"	means the Singapore Interbank Offering Rate.
"SIL"	means the Silangkitang reservoir (under the JOC Sarulla Operations Ltd).
"Simenggaris JOB-PSC"	means the PSC between Pertamina and Genindo Western Petroleum Pty. Ltd. dated February 24, 1998, as may be amended from time to time.
"SKBDN"	means bank guarantee facilities in the form of issuance of uncommitted usance local letter of credit (*surat kredit berdokumen dalam negeri*).
"SKK MIGAS"	refers to the Government's Special Task Force for Upstream Oil and Gas Activities (*Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi*), which came into existence upon the issuance of PR 9/2013 to take over the former functions and duties of BP MIGAS.
"SKUP"	means an Oil and Gas Supporting Business Competency Certificate (*Surat Kemampuan Usaha Penunjang Minyak dan Gas Bumi*).
"South Natuna Sea Block B PSC"	means the PSC between Pertamina and Conoco Indonesia Inc., Texaco Block B South Natuna Sea Inc, Chevron International Ltd. and Inpex Natuna Ltd. dated August 3, 1990, signed on October 16, 1968, as may be amended from time to time, and the renewal and extension PSC between Pertamina and Conoco Indonesia Inc., Texaco Block B South Natuna Sea Inc, and Inpex Natuna Ltd. dated January 15, 1999 that became effective as of October 16, 2018 as may be amended from time to time.
"South Sokang PSC"	means the PSC between BP MIGAS and Medco South Sokang BV dated December 17, 2010, as may be amended from time to time.
"South Sumatra Block PSC"	means the PSC between Pertamina and PT Stanvac Indonesia dated July 6, 1989 that became effective as of November 28, 1993, as may be amended from time to time, and the renewal and extension PSC between BP MIGAS and PT Medco E&P Indonesia dated October 28, 2010, as may be amended from time to time.

"SPE-PRMS"	means the Society of Petroleum Engineers-Petroleum Resources Management System.
"SPOP"	means the Tax Object Notification Form / *Surat Pemberitahuan Objek Pajak* in Indonesia.
"sq. km."	means square kilometers.
"TAC"	means Technical Assistance Contract.
"Tarakan PSC"	means the production sharing contract between Pertamina and Tesoro Tarakan dated January 14, 1982, as may be amended from time to time, and the renewal and extension production sharing contract between Pertamina and PT Medco E&P Tarakan (formerly PT Exspan Tarakan) dated December 7, 2001, and amended and restated production sharing contract between SKK Migas and PT Medco EP Tarakan dated November 29, 2018 that will become effective on January 14, 2022, as may be amended from time to time.
"TCQ"	means total contracted quantity.
"U.S. GAAP"	means generally accepted accounting principles in the United States, which is the accounting standards adopted by the United States Securities and Exchange Commission.
"U.S." or "United States"	means the United States of America.
"UGE"	means PT Universal Gas Energy.
"UKL"	means an environmental management effort plan (*Upaya Pengelolaan Lingkungan*) required under the Environmental Law.
"UKL-UPL"	means an Environmental Management Effort- Environmental Monitoring Effort document.
"UPL"	means an environmental monitoring effort plan (*Upaya Pemantauan Lingkungan*) under the Environmental Law.
"Upstream Regulation"	refers to the Government Regulation No. 35 of 2004 on October 14, 2004 with respect to Upstream Oil and Gas Business Activities.
"US$"	means United States dollars.
"VAT"	means value-added tax.
"VIEs"	mean variable interest entities.
"Warrants"	means the warrants issued by the Company in December 2017.

"WIUP"	means a Mining Business License operational area (*Wilayah Izin Usaha Pertambangan*).
"WIUPK"	means a special mining operation area (*Wilayah Usaha Pertambangan Khusus*).
"WNTS"	means the West Natuna Transportation System.
"Wood Mackenzie"	means Wood MacKenzie Ltd., an international energy research and consulting company.
"WPR"	means a people's mining area (*Wilayah Pertambangan Rakyat*).
"WUP"	means a mining operational area (*Wilayah Usaha Pertambangan*).
"YPK PLN"	means Yayasan Pendidikan dan Kesejahteraan PLN.

Units of Measurement

"BBLS"	means barrels.
"BBTU"	means billion BTU.
"BBTUPD"	means billion BTU per day.
"BCF"	means billion cubic feet.
"BOE"	means barrels of oil equivalent; natural gas is converted to BOE using the ratio of one Bbls of crude oil in the range of 5.19—6.54 Mcf of natural gas.
"BOPD"	means barrels of oil production.
"BTU"	means British Thermal Unit, the standard measure of the heating value of natural gas.
"GW"	means gigawatt.
"GWh"	means gigawatt hour.
"KWh"	means kilowatt hour.
"MBBLS/d"	means thousand barrels per day.
"MBOE/d"	means thousand barrels of oil equivalent per day.
"MBOPD"	means million barrels gross oil production.
"MBTU"	means thousand BTU.
"Mcf"	means thousand cubic feet.

“MMBBLS”	means million barrels.
“MMBBLS/d”	means million barrels per day.
“MMBOE”	means million barrels of oil equivalent.
“MMBTU”	means million BTU.
“MMBTUD”	means million BTU per day.
“MMSCFD”	means million standard cubic feet per day.
“MTPA”	means metric tonnes per annum.
“MW”	means megawatts.
“TBTU”	means trillion BTU.
“Tcf”	means trillion cubic feet.

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PT Medco Energi Internasional Tbk
dan entitas anaknya/*and its subsidiaries*

Laporan keuangan konsolidasian tanggal
31 Desember 2018, 2017 dan 2016
dan untuk tahun yang berakhir pada tanggal-tanggal tersebut
beserta laporan auditor independen/
Consolidated financial statements as of
December 31, 2018, 2017 and 2016
and for the years then ended with independent auditors' report

PT Medco Energi Internasional Tbk
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Indonesia

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MEDCOENERGI

FORMULIR / *FORM* No. VIII.G.11-1

SURAT PERNYATAAN DIREKSI TENTANG TANGGUNG JAWAB ATAS PENYAJIAN LAPORAN KEUANGAN KONSOLIDASIAN TANGGAL 31 DESEMBER 2018, 2017, DAN 2016 DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL 31 DESEMBER 2018, 2017, DAN 2016 BESERTA LAPORAN AUDITOR INDEPENDEN PT MEDCO ENERGI INTERNASIONAL TBK DAN ENTITAS ANAKNYA

DIRECTORS' STATEMENT ON THE RESPONSIBILITY FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018, 2017, AND 2016 AND FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016 WITH INDEPENDENT AUDITORS' REPORT PT MEDCO ENERGI INTERNASIONAL TBK AND ITS SUBSIDIARIES

Kami yang bertanda tangan dibawah ini,

We the undersigned,

1. Nama/*Name* : Hilmi Panigoro
   No. Identitas/*Id Number* : 3174070404550005
   Alamat Kantor/*Office Address* : The Energy Building 53rd Floor, SCBD Lot 11A Jl. Jendral Sudirman, Jakarta 12190
   Alamat Rumah/ *Home Address* : Jl. Patimura No.9, RT005/001, Selong, Kebayoran Baru, Jakarta Selatan
   Telepon/ *Telephone* : 021-2995 3000
   Jabatan/*Title* : Direktur Utama / *President Director*

2. Nama/*Name* : Anthony Robert Mathias
   No. Identitas/*Id Number* : 511160687
   Alamat Kantor/*Office Address* : The Energy Building 53rd Floor, SCBD Lot 11A Jl. Jendral Sudirman, Jakarta 12190
   Alamat Rumah/ *Home Address* : Executive Paradise Complex J4, Cilandak Barat, Jl. Antasari, Jakarta 12410
   Telepon/ *Telephone* : 021-2995 3000
   Jabatan/*Title* : Direktur Keuangan / *Finance Director*

menyatakan bahwa :

hereby confirm :

1. Kami bertanggung jawab atas penyusunan dan penyajian Laporan Keuangan Konsolidasian tanggal 31 Desember 2018, 2017, dan 2016 dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018, 2017, dan 2016 beserta laporan auditor independen PT Medco Energi Internasional Tbk dan Entitas Anaknya ("Laporan Keuangan Konsolidasian Tahunan Perusahaan dan Entitas Anaknya");

   1. We are responsible towards the preparation and presentation of the Consolidated Financial Statements as of December 31, 2018, 2017, and 2016 and for the years ended December 31, 2018, 2017, and 2016 with independent auditors' report PT Medco Energi Internasional Tbk and Its Subsidiaries ("The Annual Consolidated Financial Statements of The Company and Its Subsidiaries");

2. Laporan Keuangan Konsolidasian Tahunan Perusahaan dan Entitas Anaknya telah disusun dan disajikan sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia;

   2. The Annual Consolidated Financial Statements of the Company and Its Subsidiaries has been prepared and presented in accordance with the generally accepted accounting principles in Indonesia;

   a. Semua informasi dalam Laporan Keuangan Konsolidasian Tahunan Perusahaan dan Entitas Anaknya telah disajikan secara lengkap dan benar;

   a. All the information in The Annual Consolidated Financial Statements of The Company and Its Subsidiaries have been fully and accurately disclosed;

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MEDCOENERGI

b. Laporan Keuangan Konsolidasian Tahunan Perusahaan dan Entitas Anaknya tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;

b. The Annual Consolidated Financial Statements of The Company and Its Subsidiaries does not contain any false information or material fact, and does not omit any information or material fact;

3. Kami bertanggung jawab atas sistem pengendalian interen dalam Perusahaan dan Entitas Anaknya.

3. We are responsible towards the internal control system of the Company and Its Subsidiaries.

Demikian pernyataan ini dibuat dengan sebenarnya.

In witness whereof, the undersigned have drawn up this statement truthfully.

Jakarta, 5 April 2019 / *Jakarta, April 5 ,2019*
PT Medco Energi Internasional Tbk

METERAI TEMPEL
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6000
ENAM RIBU RUPIAH

Hilmi Panigoro
Direktur Utama / *President Director*

Anthony R. Mathias
Direktur Keuangan / *Finance Director*

The original consolidated financial statements included herein are in the Indonesian language.

PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA LAPORAN KEUANGAN KONSOLIDASIAN TANGGAL 31 DESEMBER 2018, 2017 DAN 2016 DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL TERSEBUT BESERTA LAPORAN AUDITOR INDEPENDEN

PT MEDCO ENERGI INTERNASIONAL Tbk AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018, 2017 AND 2016 AND FOR THE YEARS THEN ENDED WITH INDEPENDENT AUDITORS' REPORT

Daftar Isi

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Building a better working world

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The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. 00011/2.1032/NS.1/02/0696-2/1/IV/2019

Pemegang Saham, Dewan Komisaris, dan Direksi

PT Medco Energi Internasional Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Medco Energi Internasional Tbk dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2018, 2017 dan 2016, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memeroleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. 00011/2.1032/NS.1/02/0696-2/1/IV/2019

The Shareholders and the Boards of Commissioners and Directors
PT Medco Energi Internasional Tbk

We have audited the accompanying consolidated financial statements of PT Medco Energi Internasional Tbk 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.

The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Laporan No. 00011/2.1032/NS.1/02/0696-2/1/IV/2019 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Medco Energi Internasional Tbk dan entitas anaknya tanggal 31 Desember 2018, 2017 dan 2016, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal-tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. 00011/2.1032/NS.1/02/0696-2/1/IV/2019 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Medco Energi Internasional Tbk 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.

The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Laporan No. 00011/2.1032/NS.1/02/0696-2/1/IV/2019 (lanjutan)

Hal lain

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek hutang entitas anak dari Perusahaan di Amerika Serikat dan di luar Amerika Serikat masing-masing berdasarkan *Rule 144A* dan *Regulation S* dari *United States Securities Act of 1933*, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

Independent Auditors' Report (continued)

Report No. 00011/2.1032/NS.1/02/0696-2/1/IV/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's subsidiary 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.

Purwantono, Sungkoro & Surja

Indrajuwana Komala Widjaja
Registrasi Akuntan Publik No. AP.0696/*Public Accountant Registration No. AP.0696*

5 April 2019/*April 5, 2019*

PT MEDCO ENERGI INTERNASIONAL Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
Tanggal 31 Desember 2018, 2017 dan 2016
(Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018, 2017 and 2016
(Expressed in United States Dollars, Unless Otherwise Stated)

	Catatan/ *Notes*	2018	2017	2016	
ASET					***ASSETS***
ASET LANCAR					***CURRENT ASSETS***
Kas dan setara kas	2,4	418.052.511	489.040.578	164.560.884	*Cash and cash equivalents*
Investasi jangka pendek	2,5	25.185.432	26.342.281	66.885.629	*Short-term investments*
Deposito dan rekening bank yang dibatasi penggunaannya	2,13	208.133.766	145.836.506	-	*Restricted time deposits and cash in banks*
Piutang usaha	2,6				*Trade receivables*
- Pihak berelasi		-	-	694.960	*Related parties -*
- Pihak ketiga		166.517.457	196.155.960	182.511.820	*Third parties -*
Piutang lain-lain	2,7				*Other receivables*
- Pihak berelasi		1.451.445	279.759.962	250.745.343	*Related parties -*
- Pihak ketiga		81.514.460	159.454.119	100.868.158	*Third parties -*
Piutang sewa pembiayaan - bagian yang jatuh tempo dalam satu tahun	2,8	14.703.089	7.876.306	-	*Finance lease receivables - current maturities*
Aset keuangan konsesi - bagian yang jatuh tempo dalam satu tahun	2,9	75.741.819	70.039.484	-	*Concession financial assets - current maturities*
Persediaan	2,10	62.317.376	88.911.512	70.290.770	*Inventories*
Pajak dibayar di muka	2,11	8.561.315	3.173.985	4.244.739	*Prepaid taxes*
Beban dibayar di muka	2,12	9.023.130	8.805.933	4.741.217	*Prepaid expenses*
Aset derivatif	2,26	1.922.078	-	-	*Derivative assets*
Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual	2,38	709.750.275	464.294.535	266.355.418	*Non-current assets classified as held for sale*
Aset lancar lain-lain	2,21	44.241.208	35.358.947	22.361.847	*Other current assets*
Jumlah Aset Lancar		1.827.115.361	1.975.050.108	1.134.260.785	*Total Current Assets*
ASET TIDAK LANCAR					***NON-CURRENT ASSETS***
Piutang lain-lain	2,7	131.884.806	88.047.764	51.793.728	*Other receivables*
Piutang sewa pembiayaan - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	2,8	233.931.587	244.576.697	-	*Finance lease receivables - net of current maturities*
Aset keuangan konsesi - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	2,9	532.315.640	475.069.991	-	*Concession financial assets - net of current maturities*
Deposito dan rekening bank yang dibatasi penggunaannya	2,13	1.361.232	5.886.402	2.401.983	*Restricted time deposits and cash in banks*
Aset pajak tangguhan	2,37	90.525.828	89.751.633	90.359.085	*Deferred tax assets*
Investasi jangka panjang	2,14	953.676.115	887.327.871	924.497.143	*Long-term investments*
Investasi pada proyek	2,15	-	-	22.674.035	*Investment in project*
Aset tetap	2,16,34,35	43.212.281	67.924.100	5.170.315	*Property, plant and equipment*
Properti investasi	2,17	-	-	351.258.964	*Investment properties*
Aset eksplorasi dan evaluasi	2,18	102.223.519	103.766.335	70.439.368	*Exploration and evaluation assets*
Aset minyak dan gas bumi	2,19,34	1.229.412.005	1.107.832.391	921.245.047	*Oil and gas properties*
Goodwill	2,20	67.024.515	67.024.515	16.237.204	*Goodwill*
Aset derivatif	2,26	4.605.098	6.932.059	1.659.449	*Derivative assets*
Aset lain-lain	2,21	35.105.759	41.595.991	5.133.497	*Other assets*
Jumlah Aset Tidak Lancar		3.425.278.385	3.185.735.749	2.462.869.818	*Total Non-current Assets*
JUMLAH ASET		**5.252.393.746**	**5.160.785.857**	**3.597.130.603**	***TOTAL ASSETS***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA LAPORAN POSISI KEUANGAN KONSOLIDASIAN (lanjutan) Tanggal 31 Desember 2018, 2017 dan 2016 (Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

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	Catatan/ *Notes*	2018	2017	2016	
LIABILITAS DAN EKUITAS					***LIABILITIES AND EQUITY***
LIABILITAS					***LIABILITIES***
LIABILITAS JANGKA PENDEK					***CURRENT LIABILITIES***
Pinjaman bank jangka pendek	2,27	40.000.000	42.000.000	16.000.000	*Short-term bank loans*
Utang usaha	2,22				*Trade payables*
- Pihak berelasi		20.779.088	24.689.287	-	*Related parties -*
- Pihak ketiga		98.291.695	115.052.560	104.920.029	*Third parties -*
Utang lain-lain	2,23b				*Other payables*
- Pihak berelasi		12.394.583	-	-	*Related parties -*
- Pihak ketiga		102.043.710	171.925.141	102.524.904	*Third parties -*
Utang pajak	2,24	28.697.067	46.777.130	32.378.526	*Taxes payable*
Biaya akrual dan provisi lain-lain	2,25	149.053.133	114.744.418	75.492.247	*Accrued expenses and other provisions*
Liabilitas imbalan kerja jangka pendek	2,40	1.165.823	2.284.176	3.956.404	*Employee benefits liabilities - current portion*
Liabilitas derivatif	2,26	11.225.780	55.092.235	63.767.824	*Derivative liabilities*
Liabilitas yang secara langsung berhubungan dengan aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual	2,38	187.891.020	202.244.529	62.177.436	*Liabilities directly associated with the non-current assets classified as held for sale*
Pinjaman jangka panjang yang jatuh tempo dalam satu tahun	2				*Current maturities of long-term debt*
- Pinjaman bank	27	230.529.466	161.395.447	228.476.617	*Bank loans -*
- Pinjaman dari instansi keuangan non-bank	28	54.570	1.205.049	-	*Loans from non-bank - financial institutions*
- Obligasi Rupiah	28	77.378.221	129.006.725	148.700.823	*Rupiah bonds -*
- Obligasi Dolar AS	28	-	-	17.841.893	*US Dollar bonds -*
- Wesel jangka menengah	28	54.499.975	73.660.258	-	*Medium term notes -*
Uang muka dari pelanggan	23a				*Advances from customers*
- Pihak berelasi		-	-	354.509	*Related parties -*
- Pihak ketiga		87.975.147	153.564.140	3.969.070	*Third parties -*
Jumlah Liabilitas Jangka Pendek		1.101.979.278	1.293.641.095	860.560.282	*Total Current Liabilities*
LIABILITAS JANGKA PANJANG					***NON-CURRENT LIABILITIES***
Pinjaman jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	2				*Long-term debt - net of current maturities*
- Pinjaman bank	27	1.012.275.238	1.367.229.847	1.009.552.427	*Bank loans -*
- Pinjaman dari instansi keuangan non-bank	28	10.907.474	27.314.985	-	*Loans from non-bank - financial institutions*
- Obligasi Rupiah	28	447.623.190	348.648.809	316.889.775	*Rupiah bonds -*
- Obligasi Dolar AS	28	867.801.068	384.704.834	-	*US Dollar bonds -*
- Obligasi Dolar Singapura	28	-	-	68.334.183	*Singapore Dollar bonds -*
- Wesel jangka menengah	28	66.456.769	53.958.848	127.544.863	*Medium term notes -*
Uang muka dari pelanggan	2,23a	7.500.000	-	-	*Advance from customer*
Utang lain-lain	2,23b	17.716.644	17.325.215	55.477.230	*Other payables*
Liabilitas pajak tangguhan	2,37	188.511.302	136.726.242	104.718.481	*Deferred tax liabilities*
Liabilitas imbalan kerja jangka panjang	2,40	19.774.531	46.836.687	41.571.976	*Long-term employee benefits liabilities*
Liabilitas derivatif	2,26	36.021.136	20.131.692	67.505.001	*Derivative liabilities*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	2,49	88.565.809	61.595.555	54.467.529	*Asset abandonment and site restoration obligations and other provisions*
Jumlah Liabilitas Jangka Panjang		2.763.153.161	2.464.472.714	1.846.061.465	*Total Non-current Liabilities*
Jumlah Liabilitas		**3.865.132.439**	**3.758.113.809**	**2.706.621.747**	***Total Liabilities***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA LAPORAN POSISI KEUANGAN KONSOLIDASIAN (lanjutan) Tanggal 31 Desember 2018, 2017 dan 2016 (Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued) As of December 31, 2018, 2017 and 2016 (Expressed in United States Dollars, Unless Otherwise Stated)

	Catatan/ *Notes*	2018	2017	2016	
LIABILITAS DAN EKUITAS (lanjutan)					***LIABILITIES AND EQUITY (continued)***
EKUITAS					***EQUITY***
Modal saham - nilai nominal Rp25 per saham pada tanggal 31 Desember 2018 dan 2017 dan Rp100 per saham pada tanggal 31 Desember 2016					*Capital stock - par value Rp25 par value per share as of December 31, 2018 and 2017 and Rp100 par value per share as of December 31,2016*
- Modal dasar 38.000.000.000 saham pada tanggal 31 Desember 2018 dan 2017 dan 9.500.000.000 saham pada tanggal 31 Desember 2016					*Authorized - 38,000,000,000 shares as of December 31, 2018 and 2017 and 9,500,000,000 shares as of December 31, 2016*
- Diterbitkan dan disetor penuh 17.829.347.601 saham pada tanggal 31 Desember 2018, 17.728.923.467 saham pada tanggal 31 Desember 2017, dan 3.332.451.450 saham pada tanggal 31 Desember 2016	1b,30	109.444.392	109.266.128	101.154.464	*Issued and fully paid - 17,829,347,601 shares as of December 31, 2018, 17,728,923,467 shares as of December 31, 2017, and 3,332,451,450 shares as of December 31, 2016*
- Saham treasuri 66.831.040 saham pada tanggal 31 Desember 2018, 132.452.800 saham pada tanggal 31 Desember 2017, dan 65.906.200 saham pada tanggal 31 Desember 2016	30	(410.238)	(816.327)	(2.000.541)	*Treasury shares - 66,831,040 shares as of December 31, 2018, 132,452,800 shares as of December 31, 2017, and 65,906,200 shares as of December 31, 2016*
		109.034.154	108.449.801	99.153.923	
Tambahan modal disetor	31	372.143.976	366.137.292	180.657.446	*Additional paid-in capital*
Dampak perubahan transaksi ekuitas entitas anak/ entitas asosiasi	14,32	107.870	107.870	9.508.620	*Effects of changes in equity transactions of subsidiaries/associates*
Selisih kurs karena penjabaran laporan keuangan	2	(4.468.876)	40.017	(26.438.586)	*Translation adjustments*
Penyesuaian nilai wajar atas instrumen lindung nilai arus kas	2	7.247.621	17.495.191	(6.739.002)	*Fair value adjustment on cash flow hedging instruments*
Penyesuaian nilai wajar atas investasi tersedia untuk dijual	2,21	1.030.499	713.010	-	*Fair value adjustment on available-for-sale investment*
Bagian laba (rugi) komprehensif lain entitas asosiasi dan ventura bersama	14	(2.718.169)	(14.420.763)	(26.860.021)	*Share of other comprehensive income (loss) of associates and joint venture*
Pengukuran kembali program imbalan pasti	40	29.767.330	20.586.862	27.010.208	*Remeasurement of defined benefit program*
Saldo laba					*Retained earnings*
- Ditentukan penggunaannya		6.492.210	6.492.210	6.492.210	*Appropriated -*
- Tidak ditentukan penggunaannya		700.563.001	751.865.237	624.767.587	*Unappropriated -*
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk		1.219.199.616	1.257.466.727	887.552.385	*Total equity attributable to the equity holders of the parent company*
Kepentingan nonpengendali	29	168.061.691	145.205.321	2.956.471	*Non-controlling interests*
Jumlah Ekuitas		**1.387.261.307**	**1.402.672.048**	**890.508.856**	***Total Equity***
JUMLAH LIABILITAS DAN EKUITAS		**5.252.393.746**	**5.160.785.857**	**3.597.130.603**	***TOTAL LIABILITIES AND EQUITY***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT MEDCO ENERGI INTERNASIONAL Tbk
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN
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***PT MEDCO ENERGI INTERNASIONAL Tbk
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	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	
OPERASI YANG DILANJUTKAN					***CONTINUING OPERATIONS***
PENJUALAN DAN PENDAPATAN USAHA LAINNYA					***SALES AND OTHER OPERATING REVENUES***
Penjualan minyak dan gas bumi neto	2,33	980.150.245	834.614.358	554.852.026	*Net oil and gas sales*
Penjualan tenaga listrik dan jasa terkait lainnya	2,33	235.856.950	67.500.171	-	*Electric power sales and revenue from related services*
Pendapatan dari jasa	2,33	2.244.353	2.998.923	7.009.841	*Revenue from services*
JUMLAH PENJUALAN DAN PENDAPATAN USAHA LAINNYA		**1.218.251.548**	**905.113.452**	**561.861.867**	***TOTAL SALES AND OTHER OPERATING REVENUES***
BEBAN POKOK PENJUALAN DAN BIAYA LANGSUNG LAINNYA					***COST OF SALES AND OTHER DIRECT COSTS***
Biaya produksi dan *lifting*	2,34	203.334.983	192.262.319	190.197.601	*Production and lifting costs*
Beban pokok penjualan tenaga listrik dan jasa terkait lainnya	2,34	134.328.715	40.560.717	-	*Cost of electric power sales and related services*
Biaya pembelian minyak mentah	2,34	125.388.135	80.874.531	13.307.007	*Cost of crude oil purchases*
Penyusutan, deplesi dan amortisasi	2,16,19,34	108.791.406	160.577.459	106.326.535	*Depreciation, depletion and amortization*
Beban eksplorasi	2,34	8.578.559	10.066.465	6.087.571	*Exploration expenses*
Biaya jasa		5.654.163	5.265.404	888.244	*Cost of services*
JUMLAH BEBAN POKOK PENJUALAN DAN BIAYA LANGSUNG LAINNYA		**586.075.961**	**489.606.895**	**316.806.958**	***TOTAL COST OF SALES AND OTHER DIRECT COSTS***
LABA KOTOR		**632.175.587**	**415.506.557**	**245.054.909**	***GROSS PROFIT***
Beban penjualan, umum dan administrasi	2,35	(160.660.792)	(147.806.450)	(89.799.456)	*Selling, general and administrative expenses*
Beban pendanaan	27,28	(188.997.148)	(140.568.186)	(99.413.362)	*Finance costs*
Pendapatan bunga		12.704.418	32.306.852	7.559.348	*Finance income*
Keuntungan pembelian diskon	46	-	43.067.951	551.655.417	*Bargain purchase*
Keuntungan dari kombinasi bisnis secara bertahap	46	-	16.134.548	-	*Gain on business combination achieved in stages*
Pendapatan dari klaim asuransi	18	-	7.664.809	-	*Income from insurance claim*
Kerugian atas pengukuran nilai wajar dikurangi biaya untuk menjual	38	-	-	(11.924.603)	*Loss on assets recognized at fair value less cost to sell*
Pembalikan (kerugian) penurunan nilai aset	16,19	(2.160.936)	95.892.407	(196.295.604)	*Reversal of (loss on) impairment of assets*
Kerugian atas dilusi investasi jangka panjang	2,14	(19.073.814)	-	-	*Loss on dilution of long-term investment*
Bagian rugi dari entitas asosiasi dan ventura bersama	2,14	(66.741.203)	(36.951.817)	(27.028.328)	*Share of net loss of associates and joint venture*
Pendapatan lain-lain	36	10.145.839	22.646.206	9.749.600	*Other income*
Beban lain-lain	36	(18.555.561)	(14.389.294)	(6.407.513)	*Other expenses*
LABA SEBELUM PAJAK PENGHASILAN DARI OPERASI YANG DILANJUTKAN		**198.836.390**	**293.503.583**	**383.150.408**	***PROFIT BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS***
BEBAN PAJAK PENGHASILAN	2,37	**(196.480.990)**	**(138.093.462)**	**(61.557.110)**	***INCOME TAX EXPENSE***
LABA TAHUN BERJALAN DARI OPERASI YANG DILANJUTKAN		**2.355.400**	**155.410.121**	**321.593.298**	***PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	
OPERASI YANG DIHENTIKAN					***DISCONTINUED OPERATIONS***
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan	38	(30.728.336)	(23.601.348)	(134.544.319)	*Loss after income tax expense from discontinued operations*
LABA (RUGI) TAHUN BERJALAN		**(28.372.936)**	**131.808.773**	**187.048.979**	***PROFIT (LOSS) FOR THE YEAR***
PENGHASILAN KOMPREHENSIF LAIN					***OTHER COMPREHENSIVE INCOME***
PENGHASILAN KOMPREHENSIF LAIN YANG AKAN DIREKLASIFIKASI KE LABA RUGI					***OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS***
Selisih kurs karena penjabaran laporan keuangan		(5.556.187)	26.651.788	1.927.379	*Translation adjustments*
Penyesuaian nilai wajar atas instrumen lindung nilai arus kas - setelah dikurangi pajak		(7.137.157)	24.298.926	26.701.018	*Fair value adjustment on cash flow hedging instruments - net of tax*
Penyesuaian nilai wajar atas investasi tersedia untuk dijual	21	358.273	713.010	-	*Fair value adjustment on available-for-sale investment*
Bagian laba (rugi) komprehensif lain entitas asosiasi dan ventura bersama	14	11.702.594	12.439.258	(24.152.180)	*Share of other comprehensive income (loss) of associates and joint venture*
PENGHASILAN KOMPREHENSIF LAIN YANG TIDAK AKAN DIREKLASIFIKASI KE LABA RUGI					***OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS***
Bagian laba komprehensif lain entitas asosiasi dan ventura bersama	14	-	-	5.978	*Share of other comprehensive income of associates and joint venture*
Pengukuran kembali program imbalan kerja	40	10.368.936	(5.495.416)	3.723.354	*Remeasurement of defined benefit program*
Pajak penghasilan terkait dengan pos yang tidak direklasifikasi ke laba rugi	37	(943.847)	(768.786)	(293.614)	*Income tax related to the accounts that will not be reclassified to profit or loss*
JUMLAH LABA (RUGI) KOMPREHENSIF TAHUN BERJALAN		**(19.580.324)**	**189.647.553**	**194.960.914**	***TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	
LABA (RUGI) TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA					***PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO***
Pemilik entitas induk					*Equity holders of the parent company*
Laba (rugi) tahun berjalan dari operasi yang dilanjutkan		(20.573.900)	150.698.998	319.301.875	*Profit (loss) for the year from continuing operations*
Rugi tahun berjalan dari operasi yang dihentikan		(30.728.336)	(23.601.348)	(134.544.319)	*Loss for the year from discontinued operations*
Laba (rugi) tahun berjalan yang diatribusikan kepada pemilik entitas induk		(51.302.236)	127.097.650	184.757.556	*Profit (loss) for the year attributable to equity holders of the parent company*
Laba tahun berjalan yang diatribusikan kepada kepentingan nonpengendali	2,29	22.929.300	4.711.123	2.291.423	*Profit for the year attributable to non-controlling interests*
		(28.372.936)	131.808.773	187.048.979	
JUMLAH LABA (RUGI) KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA					***TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO***
Pemilik entitas induk					*Equity holders of the parent company*
Laba (rugi) komprehensif tahun berjalan dari operasi yang dilanjutkan		(14.129.812)	208.140.716	327.213.810	*Comprehensive income (loss) for the year from continuing operations*
Rugi komprehensif tahun berjalan dari operasi yang dihentikan		(30.728.336)	(23.601.348)	(134.544.319)	*Comprehensive loss for the year from discontinued operations*
Laba (rugi) komprehensif tahun berjalan yang diatribusikan kepada pemilik entitas induk		(44.858.148)	184.539.368	192.669.491	*Comprehensive income (loss) for the year attributable to equity the holders of parent company*
Laba komprehensif tahun berjalan yang diatribusikan kepada kepentingan nonpengendali	2,29	25.277.824	5.108.185	2.291.423	*Comprehensive income for the year attributable to non-controlling interests*
		(19.580.324)	189.647.553	194.960.914	

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN (lanjutan) Untuk Tahun yang Berakhir pada Tanggal-Tanggal 31 Desember 2018, 2017 dan 2016 (Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF PROFITS OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) For the Years Ended December 31, 2018, 2017 and 2016 (Expressed in United States Dollars, Unless Otherwise Stated)

	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	
LABA (RUGI) PER SAHAM DASAR YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK	2,39	**(0,00290)**	**0,00887**	**0,01300**	***BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY***
LABA (RUGI) PER SAHAM DASAR DARI OPERASI YANG DILANJUTKAN YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK	2,39	**(0,00116)**	**0,01051**	**0,02247**	***BASIC EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY***
LABA (RUGI) PER SAHAM DILUSIAN YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK	2,39	**(0,00266)**	**0,00886**	**-**	***DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY***
LABA (RUGI) PER SAHAM DILUSIAN DARI OPERASI YANG DILANJUTKAN YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK	2,39	**(0,00107)**	**0,01050**	**-**	***DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA
DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-Tangal 31 Desember 2018, 2017 dan 2016
(Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk AND ITS SUBSIDIARIES
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in United States Dollars, Unless Otherwise Stated)

		Diatribusikan kepada pemilik entitas induk/*Attributable to the equity holders of the parent company*													
				Saldo Laba/*Retained Earnings*											
	Catatan/ *Notes*	Modal Saham/ *Capital Stock*	Tambahan Modal Disetor/ *Additional Paid-in Capital*	Ditentukan Penggunaannya/ *Appropriated*	Tidak Ditentukan Penggunaannya/ *Unappropriated*	Dampak Perubahan Transaksi Ekuitas Entitas Anak/Entitas Asosiasi/ *Effects of Changes in Equity Transactions of Subsidiaries/ Associates*	Selisih Kurs karena Penjabaran Laporan Keuangan/ *Translation Adjustments*	Penyesuaian Nilai Wajar atas Instrumen Lindung Nilai Arus Kas/ *Fair Value Adjustment on Cash Flow Hedging Instruments*	Penyesuaian Nilai Wajar atas Investasi Tersedia untuk Dijual/ *Fair Value Adjustment on Available-for-Sale Investment*	Bagian Laba (Rugi) Komprehensif Lain dari Entitas Asosiasi dan Ventura Bersama/ *Share of Other Comprehensive Income (Loss) of Associates and Joint Venture*	Pengukuran Kembali Program Imbalan Pasti/ *Remeasurement of Defined Benefit Program*	Jumlah/*Total*	Kepentingan Nonpengendali/ *Non-controlling Interests*	Jumlah Ekuitas/ *Total Equity*	
Saldo tanggal 31 Desember 2015		**100.031.571**	**181.487.838**	**6.492.210**	**440.010.031**	**9.400.343**	**(28.365.965)**	**(33.440.020)**	**-**	**(2.713.819)**	**23.580.468**	**696.482.657**	**5.111.202**	**701.593.859**	***Balance, December 31, 2015***
Laba tahun berjalan		-	-	-	184.757.556	-	-	-	-	-	-	184.757.556	2.291.423	187.048.979	*Profit for the year*
Penghasilan komprehensif lain		-	-	-	-	-	1.927.379	26.701.018	-	(24.146.202)	3.429.740	7.911.935	-	7.911.935	*Other comprehensive income*
Jumlah laba komprehensif tahun berjalan		-	-	-	184.757.556	-	1.927.379	26.701.018	-	(24.146.202)	3.429.740	192.669.491	2.291.423	194.960.914	*Total comprehensive income for the year*
Pembagian dividen untuk kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	(5.600.000)	(5.600.000)	*Dividend distribution to non-controlling interest*
Selisih transaksi perubahan ekuitas entitas asosiasi	32	-	-	-	-	108.277	-	-	-	-	-	108.277	-	108.277	*Effect of changes in equity of associates*
Setoran modal dari kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	1.153.846	1.153.846	*Capital injection from non-controlling interest*
Pembelian saham treasuri	2,30	(877.648)	(830.392)	-	-	-	-	-	-	-	-	(1.708.040)	-	(1.708.040)	*Purchase of treasury shares*
Saldo tanggal 31 Desember 2016		**99.153.923**	**180.657.446**	**6.492.210**	**624.767.587**	**9.508.620**	**(26.438.586)**	**(6.739.002)**	**-**	**(26.860.021)**	**27.010.208**	**887.552.385**	**2.956.471**	**890.508.856**	***Balance, December 31, 2016***
Laba tahun berjalan		-	-	-	127.097.650	-	-	-	-	-	-	127.097.650	4.711.123	131.808.773	*Profit for the year*
Penghasilan komprehensif lain		-	-	-	-	-	26.478.603	24.234.193	713.010	12.439.258	(6.423.346)	57.441.718	397.062	57.838.780	*Other comprehensive income*
Jumlah laba komprehensif tahun berjalan		-	-	-	127.097.650	-	26.478.603	24.234.193	713.010	12.439.258	(6.423.346)	184.539.368	5.108.185	189.647.553	*Total comprehensive income for the year*
Pembagian dividen untuk kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	(6.720.000)	(6.720.000)	*Dividend distribution to non-controlling interest*
Selisih transaksi perubahan ekuitas entitas asosiasi	32	-	-	-	-	(9.400.750)	-	-	-	-	-	(9.400.750)	-	(9.400.750)	*Effect of changes in equity of associates*
Akuisisi entitas asosiasi menjadi entitas anak	29,46	-	-	-	-	-	-	-	-	-	-	-	131.844.643	131.844.643	*Acquisition of an associate to become a subsidiary*
Setoran modal dari kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	12.016.022	12.016.022	*Capital contribution from non-controlling interest*
Pembayaran berbasis saham	2,31	1.184.214	1.949.468	-	-	-	-	-	-	-	-	3.133.682	-	3.133.682	*Share-based payments*
Penerbitan saham baru melalui penawaran umum terbatas	30,31	8.111.664	183.530.378	-	-	-	-	-	-	-	-	191.642.042	-	191.642.042	*Issuance of new shares through limited public offering*
Saldo tanggal 31 Desember 2017		**108.449.801**	**366.137.292**	**6.492.210**	**751.865.237**	**107.870**	**40.017**	**17.495.191**	**713.010**	**(14.420.763)**	**20.586.862**	**1.257.466.727**	**145.205.321**	**1.402.672.048**	***Balance, December 31, 2017***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT MEDCO ENERGI INTERNASIONAL Tbk DAN ENTITAS ANAKNYA
DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN (lanjutan)
Untuk Tahun yang Berakhir pada Tanggal-Tangal 31 Desember 2018, 2017 dan 2016
(Disajikan dalam Dolar Amerika Serikat, Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk AND ITS SUBSIDIARIES
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in United States Dollars, Unless Otherwise Stated)

		Diatribusikan kepada pemilik entitas induk/*Attributable to the equity holders of the parent company*													
				Saldo Laba/*Retained Earnings*											
	Catatan/ *Notes*	Modal Saham/ *Capital Stock*	Tambahan Modal Disetor/ *Additional Paid-in Capital*	Ditentukan Penggunaannya/ *Appropriated*	Tidak Ditentukan Penggunaannya/ *Unappropriated*	Dampak Perubahan Transaksi Ekuitas Entitas Anak/Entitas Asosiasi/ *Effects of Changes in Equity Transactions of Subsidiaries/ Associates*	Selisih Kurs karena Penjabaran Laporan Keuangan/ *Translation Adjustments*	Penyesuaian Nilai Wajar atas Instrumen Lindung Nilai Arus Kas/ *Fair Value Adjustment on Cash Flow Hedging Instruments*	Penyesuaian Nilai Wajar atas Investasi Tersedia untuk Dijual/ *Fair Value Adjustment on Available-for-Sale Investment*	Bagian Laba (Rugi) Komprehensif Lain dari Entitas Asosiasi dan Ventura Bersama/ *Share of Other Comprehensive Income (Loss) of Associates and Joint Venture*	Pengukuran Kembali Program Imbalan Pasti/ *Remeasurement of Defined Benefit Program*	Jumlah/*Total*	Kepentingan Nonpengendali/ *Non-controlling Interests*	Jumlah Ekuitas/ *Total Equity*	
Saldo tanggal 31 Desember 2017		**108.449.801**	**366.137.292**	**6.492.210**	**751.865.237**	**107.870**	**40.017**	**17.495.191**	**713.010**	**(14.420.763)**	**20.586.862**	**1.257.466.727**	**145.205.321**	**1.402.672.048**	***Balance, December 31, 2017***
Rugi tahun berjalan		-	-	-	(51.302.236)	-	-	-	-	-	-	(51.302.236)	22.929.300	(28.372.936)	*Loss for the year*
Penghasilan komprehensif lain		-	-	-	-	-	(4.508.893)	(10.247.570)	317.489	11.702.594	9.180.468	6.444.088	2.348.524	8.792.612	*Other comprehensive income*
Jumlah rugi komprehensif periode berjalan		-	-	-	(51.302.236)	-	(4.508.893)	(10.247.570)	317.489	11.702.594	9.180.468	(44.858.148)	25.277.824	(19.580.324)	*Total comprehensive loss for the year*
Pembagian dividen untuk kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	(6.855.734)	(6.855.734)	*Dividend distribution to non-controlling interest*
Setoran modal dari kepentingan nonpengendali	29	-	-	-	-	-	-	-	-	-	-	-	12.099.760	12.099.760	*Capital contribution from non-controlling interest*
Pelepasan entitas anak	29	-	-	-	-	-	-	-	-	-	-	-	(7.665.480)	(7.665.480)	*Divestment of a Subsidiary*
Selisih transakasi dengan entitas sepengendali	31,38	-	(2.312.465)	-	-	-	-	-	-	-	-	(2.312.465)	-	(2.312.465)	*Difference in transaction with entity under common control*
Pembayaran berbasis saham	2,30,31	406.089	4.136.204	-	-	-	-	-	-	-	-	4.542.293	-	4.542.293	*Share-based payments*
Penerbitan saham baru melalui pelaksanaan waran	30,31	178.264	4.182.945	-	-	-	-	-	-	-	-	4.361.209	-	4.361.209	*Issuance of new shares through warrant execution*
Saldo tanggal 31 Desember 2018		**109.034.154**	**372.143.976**	**6.492.210**	**700.563.001**	**107.870**	**(4.468.876)**	**7.247.621**	**1.030.499**	**(2.718.169)**	**29.767.330**	**1.219.199.616**	**168.061.691**	**1.387.261.307**	***Balance, December 31, 2018***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT MEDCO ENERGI INTERNASIONAL Tbk
DAN ENTITAS ANAKNYA
LAPORAN ARUS KAS KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-Tanggal
31 Desember 2018, 2017 dan 2016
(Disajikan dalam Dolar Amerika Serikat,
Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended
December 31, 2018, 2017 and 2016
(Expressed in United States Dollars,
Unless Otherwise Stated)

	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated* - Catatan/ *Note 38*)	
Arus Kas dari Aktivitas Operasi					***Cash Flows from Operating Activities***
Penerimaan kas dari pelanggan		1.220.119.766	1.070.360.874	493.402.042	*Cash receipts from customers*
Pembayaran kas kepada pemasok dan karyawan		(689.637.031)	(459.751.974)	(463.143.395)	*Cash paid to suppliers and employees*
Kas yang dihasilkan dari kegiatan usaha		530.482.735	610.608.900	30.258.647	*Cash generated from operations*
Pembayaran pajak penghasilan		(168.762.401)	(166.996.117)	(20.287.869)	*Income tax paid*
Kas neto diperoleh dari aktivitas operasi		**361.720.334**	**443.612.783**	**9.970.778**	***Net cash provided by operating activities***
Arus Kas dari Aktivitas Investasi					***Cash Flows from Investing Activities***
Penerimaan dari pelepasan entitas anak	38	16.863.355	10.821.392	-	*Proceeds from disposal of subsidiaries*
Penerimaan bunga		13.979.130	4.512.765	4.611.013	*Interest received*
Uang muka diterima dari pihak berelasi	23b,46	10.000.000	-	-	*Advance received from a related party*
Penerimaan atas penjualan aset tetap		769.000	-	-	*Proceeds from disposal of property, plant and equipment*
Penerimaan dari pencairan investasi jangka pendek		-	43.024.398	218.901.936	*Proceeds from redemption of short-term investments*
Penerimaan dari investasi pada proyek - Jeruk	15	-	25.217.205	-	*Proceeds from investment in project - Jeruk*
Dividen kas dari entitas asosiasi		-	-	750.000	*Cash dividends received from associates*
Penambahan investasi pada ventura bersama	46	-	-	(404.000.000)	*Addition to investment in joint venture*
Penambahan investasi jangka pendek		-	(2.665.000)	(63.000.000)	*Additions to short-term investments*
Akuisisi bisnis setelah dikurangi kas yang diperoleh	46	-	(93.179.667)	(261.521.269)	*Acquisition of business net of cash acquired*
Realisasi (penambahan) piutang lain-lain dari pihak berelasi		(144.775)	(1.306.670)	35.465.668	*Realization (additions) to other receivables from related parties*
Perolehan aset tetap	16	(4.000.833)	(5.481.315)	(77.997)	*Acquisitions of property, plant and equipment*
Penambahan aset lain-lain		(5.844.080)	(1.908.202)	(21.127.908)	*Additions to other assets*
Penambahan aset eksplorasi dan evaluasi	18	(12.987.687)	(28.105.415)	(325.942)	*Addition to exploration and evaluation assets*
Penambahan pada aset konsesi	9	(56.810.503)	(9.971.265)	-	*Additions to concession financial assets*
Penambahan aset minyak dan gas bumi	19	(228.544.492)	(183.816.469)	(76.990.236)	*Additions to oil and gas properties*
Kas neto digunakan untuk aktivitas investasi		**(266.720.885)**	**(242.858.243)**	**(567.314.735)**	***Net cash used in investing activities***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT MEDCO ENERGI INTERNASIONAL Tbk
DAN ENTITAS ANAKNYA
LAPORAN ARUS KAS KONSOLIDASIAN
(lanjutan)
Untuk Tahun yang Berakhir pada Tanggal-Tanggal
31 Desember 2018, 2017 dan 2016
(Disajikan dalam Dolar Amerika Serikat,
Kecuali Dinyatakan Lain)

PT MEDCO ENERGI INTERNASIONAL Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)
For the Years Ended
December 31, 2018, 2017 and 2016
(Expressed in United States Dollars,
Unless Otherwise Stated)

	Catatan/ *Notes*	2018	2017 (Disajikan kembali/ *As restated -* Catatan/ *Note 38*)	2016 (Disajikan kembali/ *As restated -* Catatan/ *Note 38*)	
Arus Kas dari Aktivitas Pendanaan					***Cash Flows from Financing Activities***
Hasil yang diperoleh dari:					*Proceeds from:*
- Pinjaman bank		546.918.622	370.612.648	330.000.000	*Bank loans -*
- Pinjaman jangka panjang		763.276.751	567.062.708	267.105.804	*Other long-term debt -*
Pembayaran atas:					*Payments of:*
- Pinjaman bank		(839.263.362)	(468.240.207)	(168.400.200)	*Bank loans -*
- Utang jangka panjang lainnya		(214.106.788)	(240.689.343)	(79.908.540)	*Other long-term debt -*
Setoran modal dari kepentingan nonpengendali	29	4.848.880	12.016.022	-	*Capital injection from non-controlling interest*
Tambahan modal disetor yang berasal dari penerbitan saham baru melalui pelaksanaan waran	30	4.361.209	-	-	*Additional paid-in capital from new shares issuance through warrant*
Tambahan modal disetor yang berasal dari penerbitan saham - setelah dikurangi biaya transaksi		-	191.642.042	-	*Additional paid-in capital from rights issuance - net of transaction cost*
Pembelian saham treasuri		-	-	(1.708.040)	*Purchase of treasury shares*
Pembayaran dividen kas dari Entitas Anak kepada kepentingan nonpengendali		(6.855.734)	(6.720.000)	(5.600.000)	*Cash dividends payment of Subsidiaries to non-controlling interest*
Penarikan (penempatan) deposito dan rekening bank yang dibatasi penggunaannya	13	(57.772.090)	(119.977.890)	4.832.714	*Withdrawal of (increase in) restricted time deposits and cash in banks*
Penyelesaian liabilitas derivatif		(62.289.889)	(60.007.529)	-	*Settlement of derivative liability*
Pembayaran beban pendanaan		(180.750.846)	(124.691.425)	(86.492.393)	*Payment of financing charges*
Kas neto diperoleh dari (digunakan untuk) aktivitas pendanaan		**(41.633.247)**	**121.007.026**	**259.829.345**	***Net cash provided by (used in) financing activities***
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS DARI OPERASI YANG DILANJUTKAN		**53.366.202**	**321.761.566**	**(297.514.612)**	***NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS***
KENAIKAN (PENURUNAN) KAS DAN SETARA KAS DARI OPERASI YANG DIHENTIKAN	**38**	**(121.614.065)**	**3.131.155**	**(1.770.254)**	***NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS***
PENURUNAN NETO KAS DAN SETARA KAS DARI ASET YANG DIMILIKI UNTUK DIJUAL	**38**	**-**	**(54.537)**	**(62.223)**	***NET DECREASE IN CASH AND CASH EQUIVALENTS FROM ASSETS HELD FOR SALE***
PERBEDAAN NILAI TUKAR NETO		**(2.740.204)**	**(358.490)**	**732.740**	***NET FOREIGN EXCHANGE DIFFERENCE***
KAS DAN SETARA KAS PADA AWAL TAHUN	**4**	**489.040.578**	**164.560.884**	**463.175.233**	***CASH AND CASH EQUIVALENTS BEGINNING OF YEAR***
KAS DAN SETARA KAS PADA AKHIR TAHUN	**4**	**418.052.511**	**489.040.578**	**164.560.884**	***CASH AND CASH EQUIVALENTS AT END OF YEAR***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

1. UMUM

a. Informasi Umum

PT Medco Energi Internasional Tbk ("Perusahaan") didirikan di dalam kerangka Undang-undang Penanaman Modal Dalam Negeri No. 6 Tahun 1968 yang telah diubah dengan Undang-Undang No. 12 tahun 1970, berdasarkan Akta Notaris No. 19 oleh Imas Fatimah, S.H., pada tanggal 9 Juni 1980. Akta pendirian ini disetujui oleh Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No.Y.A.5/192/4 tanggal 7 April 1981 dan diumumkan dalam Berita Negara Republik Indonesia No. 102, Tambahan No. 1020 tanggal 22 Desember 1981.

Anggaran Dasar Perusahaan beberapa kali mengalami perubahan, dimana perubahan terakhir dilakukan untuk meningkatkan modal ditempatkan dan modal disetor Perseroan. Perubahan terakhir tersebut diaktakan dengan Akta Notaris No. 51 tanggal 21 Februari 2018, yang telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia dalam surat keputusannya No. AHU-AH.01.03-0080040 TH 2018.

Perusahaan berdomisili di Jakarta dan kantor pusat beralamat di Lantai 53, Gedung The Energy, SCBD lot 11A, Jl. Jenderal Sudirman, Jakarta 12190.

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, ruang lingkup aktivitas Perusahaan terdiri dari, antara lain, eksplorasi dan produksi minyak dan gas bumi dan aktivitas energi lainnya, usaha pengeboran darat dan lepas pantai, serta melakukan investasi (langsung dan tidak langsung) pada entitas anak. Perusahaan memulai kegiatan operasi komersialnya pada tanggal 13 Desember 1980.

Perusahaan dan entitas anaknya (bersama-sama disebut "Grup") memiliki karyawan tetap masing-masing sekitar 2.771 (tidak diaudit), 2.412 (tidak diaudit) dan 1.956 (tidak diaudit) pada tanggal 31 Desember 2018, 2017 dan 2016.

Pada tanggal 31 Desember 2018, entitas induk langsung dan terakhir Perusahaan adalah PT Medco Daya Abadi Lestari. Pada tanggal 31 Desember 2017 dan 2016, Perusahaan tidak memiliki entitas induk terakhir maupun entitas induk langsung

1. GENERAL

a. General Information

PT Medco Energi Internasional Tbk ("the Company") was established within the framework of the Domestic Capital Investment Law No. 6 Year 1968 as amended by Law No. 12 Year 1970, based on notarial deed No. 19 of Imas Fatimah, S.H., dated June 9, 1980. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. Y.A.5/192/4 dated April 7, 1981 and was published in State Gazette No. 102, Supplement No. 1020 dated December 22, 1981.

The Company's Articles of Association has been amended several times, the latest amendments of which were made to increase the issued and paid-up capital of the Company. The latest amendments were covered by notarial deed No. 51 dated February 21, 2018, which were approved by the Ministry of Law and Human Rights in its decision letter No. AHU-AH.01.03-0080040 TH 2018.

The Company is domiciled in Jakarta and its head office is located at 53rd Floor, The Energy Building, SCBD lot 11A, Jl. Jenderal Sudirman, Jakarta 12190.

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities comprises, among others, exploration for and production of oil and natural gas and other energy activities, onshore and offshore drilling, and investing (direct and indirect) in subsidiaries. The Company started its commercial operations on December 13, 1980.

The Company and subsidiaries (collectively referred to as the "Group") have approximately 2,771 (unaudited), 2,412 (unaudited) and 1,956 (unaudited) permanent employees as of December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, the Company's direct and ultimate parent company is PT Medco Daya Abadi Lestari. As of December 31, 2017 and 2016, the Company has no direct nor ultimate parent company.

1. UMUM (lanjutan)

b. Penawaran Umum Efek Saham Perusahaan

Saham Perusahaan ditawarkan perdana kepada masyarakat dan dicatatkan di Bursa Efek Jakarta (BEJ) (sekarang Bursa Efek Indonesia) pada tanggal 12 Oktober 1994. Penawaran perdana saham Perusahaan sejumlah 22.000.000 saham dengan nilai nominal Rp1.000 per saham, disetujui untuk dicatatkan pada tanggal 13 September 1994 oleh Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM-LK, dahulu Badan Pengawas Pasar Modal/BAPEPAM) dengan suratnya No. S-1588/PM/1994.

Perusahaan juga melakukan Penawaran Umum Terbatas I dengan maksimum 379.236.000 saham yang disetujui untuk dicatatkan pada tanggal 16 November 1999 oleh Ketua BAPEPAM-LK melalui suratnya No. S-2244/PM/1999. Saham baru sebanyak 321.730.290 saham diterbitkan dalam penawaran ini dan dicatatkan di BEJ pada tanggal 19 November 1999.

Pada tanggal 29 November 2017, Perusahaan menerima pernyataan efektif dari Otoritas Jasa Keuangan terkait rencana Penawaran Umum Terbatas II kepada para pemegang saham Perusahaan dalam rangka penerbitan Hak Memesan Efek Terlebih Dahulu ("PUT II HMETD") atas 4.399.117.667 saham biasa atas nama atau sebesar 24,81% dari modal ditempatkan dan disetor penuh Perusahan. Pada tanggal 28 Desember 2017, Perusahaan memperoleh dana sebesar Rp2.639.470.600.200 (sebelum dikurangi biaya transaksi) melalui PUT II HMETD ini (Catatan 30).

Sejak tanggal 1 Juli 2018 sampai dengan tanggal 31 Desember 2018, sebanyak 100.424.134 Waran Seri I Tahap I telah dikonversi menjadi 100.424.134 lembar saham dengan jumlah penerimaan sebesar Rp62.765.083.750 (setara dengan AS$4.361.209).

1. GENERAL (continued)

b. The Company's Share Public Offering

The Company's shares of stock were initially offered to the public and listed in the Jakarta Stock Exchange (JSE) (now Indonesia Stock Exchange) on October 12, 1994. The Company's initial public offering of 22,000,000 shares with a par value of Rp1,000 per share, was approved for listing on September 13, 1994 by the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK, formerly Capital Market Supervisory Agency/BAPEPAM) in its letter No. S-1588/PM/1994.

The Company also made a Limited Public Offering I of a maximum of 379,236,000 shares which were approved for listing on November 16, 1999 by the Chairman of BAPEPAM-LK through its letter No. S-2244/PM/1999. 321,730,290 new shares were issued and listed on the JSE on November 19, 1999.

On November 29, 2017, the Company obtained the letter of effectivity from Financial Services Authority related to the Limited Public Offering II to the shareholders of the Company through the Issuance of Pre-Emptive Rights ("PUT II HMETD") of 4,399,117,667 ordinary registered shares or 24.81% of the Company's issued and paid-up capital subsequent to the PUT II HMETD. On December 28, 2017, the Company obtained funds amounting to Rp2,639,470,600,200 (before deduction of transaction costs) through this PUT II HMETD (Note 30).

Starting July 1, 2018 to December 31, 2018, 100,424,134 Series I Warrants Exercise Window I has been converted to 100,424,134 shares with total proceeds which amounted to Rp62,765,083,750 (equivalent to US$4,361,209).

1. UMUM (lanjutan)

b. Penawaran Umum Efek Saham Perusahaan (lanjutan)

Pada tanggal 31 Desember 2018, 2017 dan 2016, seluruh saham Perusahaan masing-masing sejumlah 17.829.347.601 saham, 17.728.923.467 saham dan 3.332.451.450 saham tercatat di Bursa Efek Indonesia.

c. Dewan Komisaris dan Direksi dan Komite Audit

Susunan Dewan Komisaris dan Direksi, dan Anggota Komite Audit Perusahaan pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

1. GENERAL (continued)

b. The Company's Share Public Offering (continued)

As of December 31, 2018, 2017 and 2016, all of the Company's 17,829,347,601 shares, 17,728,923,467 shares and 3,332,451,450 shares are listed on the Indonesia Stock Exchange.

c. Boards of Commissioners and Directors and Audit Committee

The members of the Company's Boards of Commissioners and Directors, and Audit Committee as of December 31, 2018, 2017 and 2016 are as follows:

Dewan Komisaris:		***Board of Commissioners:***
Komisaris Utama	Muhammad Lutfi	*President Commissioner*
Komisaris Independen	Bambang Subianto	*Independent Commissioner*
Komisaris Independen	Marsillam Simandjuntak	*Independent Commissioner*
Komisaris	Yani Yuhani Rodyat	*Commissioner*
Komisaris	Yaser Raimi A. Panigoro	*Commissioner*
Direksi:		***Board of Directors:***
Direktur Utama	Hilmi Panigoro	*President Director*
Direktur	Roberto Lorato	*Director*
Direktur Independen	Anthony R. Mathias	*Independent Director*
Direktur	Ronald Gunawan	*Director*
Direktur	Amri Siahaan	*Director*
Ketua Komite Audit	Bambang Subianto	*Chairman of Audit Committee*
Anggota Komite Audit	Jul Azmi	*Member of Audit Committee*
Anggota Komite Audit	Ida Anggrainy Sarwani	*Member of Audit Committee*

1. UMUM (lanjutan)

c. Dewan Komisaris dan Direksi dan Komite Audit (lanjutan)

Pada tanggal 29 Juni 2016, pemegang saham, pada Rapat Umum Pemegang Saham Tahunan (RUPST), menyetujui pengunduran diri Bapak Junichi Iseda dari jabatannya sebagai Komisaris.

Efektif tanggal 13 Januari 2016, pemegang saham mengangkat Bapak Bambang Subianto menggantikan Bapak Marsillam Simandjuntak sebagai Ketua Komite Audit.

Keseluruhan kompensasi dan imbalan lain kepada Dewan Komisaris dan Direksi untuk tahun yang berakhir pada tanggal 31 Desember 2018, 2017 dan 2016, terdiri dari:

1. GENERAL (continued)

c. Boards of Commissioners and Directors and Audit Committee (continued)

On June 29, 2016, the shareholders, in their Annual General Meeting of Shareholders (AGMS), approved the resignation of Mr. Junichi Iseda as Commissioner.

Effective on January 13, 2016, the shareholders appointed Mr. Bambang Subianto to replace Mr. Marsillam Simandjuntak as the Chairman of Audit Committee.

The total compensation and other benefits for the Commissioners and Directors for the years ended December 31, 2018, 2017 and 2016 consist of:

	2018	2017	2016	
Dewan Komisaris				***Board of Commissioners***
Imbalan jangka pendek	2.377.329	1.495.353	1.364.270	*Short-term compensations*
Direksi				***Board of Directors***
Imbalan jangka pendek	6.711.182	5.288.059	1.522.202	*Short-term compensations*
Imbalan pasca-kerja (pencadangan)	721.868	1.330.685	1.595.372	*Post-retirement benefits (provision)*
Sub-Jumlah	7.433.050	6.618.744	3.117.574	*Sub-total*
Pembayaran berbasis saham untuk Komisaris dan Direksi	2.903.803	2.345.682	-	*Share-based payments for Directors and Commissioners*
Jumlah	**12.714.182**	**10.459.779**	**4.481.844**	***Total***

1. UMUM (lanjutan)

d. Entitas Anak

i. Pada tanggal 31 Desember 2018, 2017 dan 2016, Perusahaan telah mengonsolidasikan semua entitas anaknya sesuai dengan kebijakan sebagaimana diuraikan dalam Catatan 2b, "Prinsip Konsolidasi". Untuk tujuan pengungkapan, hanya entitas *subholding* atau entitas anak yang material terhadap laporan keuangan konsolidasian Grup dari jumlah aset/liabilitas dan/atau pendapatan/laba neto yang disajikan dalam tabel di bawah ini:

1. GENERAL (continued)

d. Subsidiaries

i. As of December 31, 2018, 2017 and 2016, the Company has consolidated all of its subsidiaries in line with its accounting policy as described in Note 2b, "Principles of Consolidation". For disclosure purposes, only subholding entities or subsidiaries which are material in terms of total assets/liabilities and/or revenue/net income to the Group's consolidated financial statements are presented in the table below:

	Dimulainya kegiatan komersial/ *Start of commercial operations*	Tanggal perolehan izin eksplorasi/eksploitasi/ *Date of exploration/ exploitation permit obtained*	Persentase kepemilikan efektif/ *Effective percentage of ownership*			Jumlah aset (sebelum eliminasi) dalam jutaan/ *Total assets (before elimination) in millions*		
			2018	2017	2016	2018	2017	2016
Eksplorasi dan produksi minyak dan gas/ *Exploration and production of oil and gas*								
PT Medco E & P Tarakan [1] Indonesia	1992	14 Jan' 2002	100,00	100,00	100,00	14,98	14,43	15,96
PT Medco E & P Indonesia [1] Indonesia	1995	28 Nov' 2013	100,00	100,00	100,00	168,68	150,55	159,95
PT Medco E & P Tomori Sulawesi [1] Indonesia	2005	4 Dec' 1997	100,00	100,00	100,00	397,51	304,74	313,31
PT Medco E & P Simenggaris [1] Indonesia	2009	24 Feb' 1998	100,00	100,00	100,00	77,72	78,63	71,75
PT Medco E & P Bengara [1] Indonesia	Tahap eksplorasi/ *Exploration stage*	27 Sep' 1999	95,00	95,00	95,00	0,04	0,08	6,52
PT Medco E & P Lematang [1] Indonesia	2003	6 Apr' 1987	100,00	100,00	100,00	98,85	318,25	86,73
Medco Indonesia Holdings BV [1] Belanda/*Netherlands*	-	-	100,00	100,00	100,00	-	-	-
Medco Lematang BV [2] Indonesia	2003	6 Apr' 1987	100,00	100,00	100,00	81,90	87,32	90,05
Medco South Sokang BV [2] Belanda/*Netherlands*	Tahap eksplorasi/ *Exploration stage*	17 Dec' 2010	100,00	100,00	100,00	-	-	-
Medco Cendrawasih VII BV [2] Indonesia	Tahap eksplorasi/ *Exploration stage*	16 Jul' 2013	100,00	100,00	100,00	-	-	-
Medco Energi Global Pte Ltd [2] Singapura/*Singapore*	2004	-	100,00	100,00	100,00	750,21	838,28	784,12
PT Medco E & P Malaka [1] Indonesia	Tahap eksplorasi dan pengembangan/ *Exploration and development stage*	1 Sep' 1991	100,00	100,00	100,00	741,71	643,64	261,61
PT Medco E & P Rimau [1] Indonesia	2005	23 Apr' 2003	100,00	100,00	100,00	91,5	138,56	194,52
Medco Bawean (Holdings) Pte Ltd [1] [3] Singapura/*Singapore*	2008	12 Feb' 2011	-	100,00	100,00	-	0,03	74,85
Medco Yemen Malik Ltd [2] Yaman/*Yemen*	2012	-	100,00	100,00	100,00	0,02	0,02	0,14
Camar Bawean Petroleum Ltd [2] Indonesia	2005	12 Feb' 2011	-	-	100,00	-	-	41,89
Camar Resources Canada Inc. [2] Indonesia	2005	12 Feb' 2011	-	-	100,00	-	-	78,5
Lematang E & P Limited [2] Indonesia	2008	6 Apr' 1987	100,00	100,00	100,00	85,60	57,09	112,08

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

1. GENERAL (continued)

d. Subsidiaries (continued)

	Dimulainya kegiatan komersial/ *Start of commercial operations*	Tanggal perolehan izin eksplorasi/eksploitasi/ *Date of exploration/ exploitation permit obtained*	Persentase kepemilikan efektif/ *Effective percentage of ownership*			Jumlah aset (sebelum eliminasi) dalam jutaan/ *Total assets (before elimination) in millions*		
			2018	2017	2016	2018	2017	2016
Eksplorasi dan produksi minyak dan gas (lanjutan)/ *Exploration and production of oil and gas (continued)*								
Medco International [2] Services Pte Ltd Singapura/ *Singapore*	2004	-	100,00	100,00	100,00	25,39	26,50	24,78
Medco Yemen Holding Ltd [2] Yaman/ *Yemen*	2008	-	100,00	100,00	100,00	0,04	0,04	0,04
Medco Asia Pacific Ltd (dahulu/*formerly* Medco Cambodia Holding Limited [2] Kepulauan Virgin Britania Raya/ *British Virgin Islands*	2007	-	100,00	100,00	100,00	0,07	-	-
Medco LLC [2] Oman	2001	Jan' 2006	68,00	68,00	68,00	33,41	32,87	42,34
Medco Energi USA Inc [2][3] Amerika Serikat/ *United States of America (USA)*	2004	-	100,00	100,00	100,00	229,02	225,35	180,25
Medco Energi US LLC [2][3] Amerika Serikat/ *United States of America (USA)*	2004	-	100,00	100,00	100,00	6,37	28,24	32,30
Medco Petroleum Management LLC [2][3] Amerika Serikat/ *United States of America (USA)*	2014	-	100,00	100,00	100,00	0,05	0,05	0,05
Medco Tunisia Petroleum Limited [2][3] Kepulauan Virgin Britania Raya/ *British Virgin Islands*	2004	-	100,00	100,00	100,00	128,54	128,54	128,54
Medco Ventures International (Barbados) Limited [2][3] Barbados	2014	-	100,00	100,00	100,00	104,30	84,43	153,13
Medco Sahara Limited [2][3] Inggris/ *United Kingdom*	2014	-	100,00	100,00	100,00	-	-	-
Medco E & P Natuna Ltd [2] Bermuda	1979	19 Jan' 1999	100,00	100,00	100,00	332,92	382,36	493,97
Pertambangan/*Mining*								
PT Duta Tambang Rekayasa [2] [3] Indonesia	2012	-	-	100,00	100,00	-	22,19	14,78
PT Duta Tambang Sumber Alam [2] [3] Indonesia	Tahap eksplorasi / *Exploration stage*	30 Sep' 2014	-	100,00	100,00	-	1,70	0,06
Jasa penunjang operasi minyak dan gas/ *Support services for oil and gas activities*								
PT Exspan Petrogas Intranusa [1] [3] Indonesia			100,00	100,00	100,00	20,14	43,43	48,02
PT Medco Infrastruktur Indonesia (dahulu/*formerly* PT Medco Gas Indonesia) Indonesia [1] [3]			-	100,00	100,00	-	21,15	3,85
PT Mitra Energi Gas Sumatra [2] [3] Indonesia			100,00	100,00	100,00	4,82	15,99	17,83
PT Meta Adhya Tirta Umbulan [2] [3] Indonesia			-	70,00	70,00	-	33,65	9,39
Medco Singapore Operation Pte Ltd [2] Singapura/*Singapore*			100,00	100,00	100,00	1,97	1,81	0,99
Perdagangan/ *Trading*								
PT Medco Niaga Internasional [1] Indonesia			100,00	100,00	100,00	0,37	0,37	0,37
Far East Energy Trading Pte Ltd [2] Singapura/*Singapore*			100,00	100,00	100,00	438,27	330,28	29,72
Gas Alam Cair/ *Liquefied Natural Gas*								
PT Medco LNG Indonesia [1] Indonesia			100,00	100,00	100,00	150,05	147,93	145,89
Energi Listrik/ *Power*								
PT Medco Power Internasional (dahulu/*formerly* PT Saratoga Power) Indonesia [1]			77,68	77,68	-	71,7	80,6	-
PT Medco Power Indonesia [1] [2] Indonesia			88,62	88,62	-	301,98	218,67	-
PT Medcopower Services Indonesia [2] Indonesia			88,62	-	-	0,69	-	-
PT Mitra Energi Batam [2] Indonesia			56,71	56,71	-	58,63	58,05	-
PT Dalle Energy Batam [2] Indonesia			70,88	70,88	-	57,51	66,22	-
PT TJB Power Services [2] Indonesia			70,91	70,91	-	16,22	17,08	-
PT Medco Cahaya Geothermal [2] Indonesia			88,62	88,62	-	1,34	1,39	-

1. UMUM (lanjutan)

1. GENERAL (continued)

d. Entitas Anak (lanjutan)

d. Subsidiaries (continued)

	Persentase kepemilikan efektif/ *Effective percentage of ownership*			Jumlah aset (sebelum eliminasi) dalam jutaan/ *Total assets (before elimination) in millions*		
	2018	2017	2016	2018	2017	2016
Energi Listrik (lanjutan)/ *Power (continued)*						
PT Dalle Panaran Indonesia [2] Indonesia	88,62	88,62	-	0,72	0,77	-
PT Medco Geopower Sarulla [2] Indonesia	45,19	45,19	-	661,45	606,64	-
PT Muara Enim Multi Power [2] Indonesia	70,89	70,89	-	0,09	0,09	-
PT Medco Power Sentral Sumatera [2] Indonesia	88,61	88,61	-	6,72	1,21	-
PT Indo Medco Power [2] Indonesia	88,60	88,60	-	0,14	0,15	-
PT Medco Geothermal Indonesia [2] Indonesia	88,61	88,61	-	2,57	2,26	-
PT Medco Geothermal Sarulla [2] Indonesia	88,62	88,62	-	5,84	8,38	-
PT Energi Prima Elektrika [2] Indonesia	81,98	81,98	-	9,56	10,09	-
PT Energi Listrik Batam [2] Indonesia	62,03	62,03	-	67,85	69,31	-
PT Multidaya Prima Elektrindo [2] Indonesia	75,32	75,32	-	12,55	12,87	-
PT Pembangkitan Pusaka Parahiangan [2] Indonesia	88,62	88,62	-	20,97	21,78	-
PT Medco Geothermal Nusantara [2] Indonesia	88,62	88,62	-	0,18	0,18	-
PT Medco Hidro Indonesia [2] Indonesia	88,62	88,62	-	3,90	4,01	-
PT Medco Power Sumatera [2] Indonesia	88,62	88,62	-	-	-	-
PT Universal Batam Energy [2] Indonesia	62,03	62,03	-	1,57	1,62	-
PT Medco Energi Menamas [2] Indonesia	88,61	88,61	-	10,44	11,17	-
PT Medco General Power Services [2] Indonesia	88,53	88,53	-	7,48	5,77	-
PT Sangsaka Hidro Lestari [2] Indonesia	49,63	49,63	-	0,07	0,07	-
PT Sangsaka Agro Lestari [2] Indonesia	62,03	62,03	-	0,49	0,52	-
PT Bio Jatropha Indonesia [2] Indonesia	61,97	61,97	-	18,01	19,38	-
PT Sangsaka Hidro Selatan [2] Indonesia	61,97	61,97	-	0,07	0,07	-
PT Sangsaka Hidro Kasmar [2] Indonesia	59,55	59,55	-	1,02	1,07	-
PT Sangsaka Hidro Cisereuh [2] Indonesia	61,97	61,97	-	0,07	0,07	-
PT Sangsaka Hidro Patikala Lima [2] Indonesia	59,55	59,55	-	0,07	0,07	-
PT Sangsaka Hidro Baliase [2] Indonesia	59,55	59,55	-	0,11	0,12	-
PT Sangsaka Hidro Barat [2] Indonesia	88,62	88,62	-	4,16	6,58	-
PT Nawakara Energi Sumpur [2] Indonesia	70,89	70,89	-	1,10	1,18	-
PT Medco Ratch Power Riau [2] Indonesia	45,19	45,19	-	60,03	21,75	-
Lain-lain/*Others*						
PT Api Metra Graha [1] [3] Indonesia	100,00	100,00	100,00	196,65	203,47	118,06
Medco Euro Finance Limited [1] Mauritius	-	100,00	100,00	-	0,08	0,10
PT Medco Energi Mining Internasional [1] [3] Indonesia	-	100,00	100,00	-	6,11	6,13
Medco Straits Services Pte Ltd [1] Singapura/ *Singapore*	100,00	100,00	100,00	1.691,28	1.468,05	1.220,09
PT Medco Power Generation Indonesia [1] Indonesia	100,00	100,00	100,00	1,47	2,25	2,21
PT Medco Java Power [2] Indonesia	100,00	100,00	100,00	0,04	0,04	0,04

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

Rincian entitas anak yang tidak aktif, tidak signifikan atau dimiliki secara tidak langsung oleh Perusahaan pada tanggal 31 Desember 2018, 2017 dan 2016, atau dimiliki tidak langsung oleh Perusahaan adalah sebagai berikut:

1. GENERAL (continued)

d. Subsidiaries (continued)

The subsidiaries that are not active, not significant or owned indirectly by the Company as of December 31, 2018, 2017 and 2016 are as follows:

	Persentase kepemilikan efektif/ *Effective percentage of ownership*		
	2018	2017	2016
Eksplorasi dan produksi minyak dan gas/ *Exploration and production of oil and gas*			
Bangkanai Petroleum (L) Berhad [2]	100,00	100,00	100,00
PT Medco CBM Sekayu [2]	100,00	100,00	100,00
PT Medco CBM Pendopo [2]	100,00	100,00	100,00
PT Medco CBM Lematang [2]	100,00	100,00	100,00
PT Medco E & P Kalimantan [1]	100,00	100,00	100,00
PT Medco E & P Sembakung [1]	100,00	100,00	100,00
PT Medco E & P Madura [1]	100,00	100,00	100,00
Medco Simenggaris Pty Ltd [1]	100,00	100,00	100,00
Medco Arabia [2]	100,00	100,00	100,00
Medco International Ventures Ltd [2]	100,00	100,00	100,00
Far East Trading Ltd (dahulu/*formerly* Medco Yemen Arat Ltd) [2]	100,00	100,00	100,00
Medco Yemen Amed Ltd [2]	100,00	100,00	100,00
Medco International Enterprise Ltd [2]	100,00	100,00	100,00
Medco Energi (BVI) Ltd [2]	100,00	100,00	100,00
Medco Far East Limited Cayman Islands [1]	100,00	100,00	100,00
Medco Cambodia Holding Limited [2]	100,00	100,00	100,00
PT Medco E & P Merangin [1]	100,00	100,00	100,00
PT Medco E & P Bangkanai [1]	100,00	100,00	100,00
PT Medco E & P Nunukan [1]	100,00	100,00	100,00
Medco South China Sea Pte Ltd [2]	100,00	100,00	100,00
Medco Natuna Pte Ltd [2]	100,00	100,00	100,00

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

1. GENERAL (continued)

d. Subsidiaries (continued)

	Persentase kepemilikan efektif/ *Effective percentage of ownership*		
	2018	**2017**	**2016**
Jasa penunjang operasi minyak dan gas/ *Support services for oil and gas activities*			
PT Medco Energi CBM Indonesia [1]	100,00	100,00	100,00
PT Medco CBM Bengara [2]	-	-	100,00
PT Medco Energi Natuna (dahulu/*formerly* PT Medco CBM Rimau) [2]	100,00	100,00	100,00
Medco Petroleum Services Ltd [2]	100,00	100,00	100,00
Produksi kimia dan perdagangan/ *Production and trading of chemicals*			
PT Medco Downstream Indonesia [1) 3)]	100,00	100,00	100,00
PT Medco LPG Kaji [2) 3)]	100,00	100,00	100,00
PT Medco Methanol Bunyu [2) 3)]	100,00	100,00	100,00
PT Medco Ethanol Lampung [2) 3)]	100,00	100,00	100,00
PT Usaha Tani Sejahtera [2) 3)]	100,00	100,00	100,00
Lain-lain/*Others*			
Medco Platinum Road Pte. Ltd. [2]	100,00	-	-
PT Medco Services Indonesia [2) 3)]	100,00	100,00	100,00
PT Medco Sarana Balaraja [1]	100,00	100,00	100,00
PT Satria Raksa Buminusa [2]	100,00	100,00	100,00
PT Musi Raksa Buminusa [2]	100,00	100,00	100,00
PT Mahakam Raksa Buminusa [2]	99,00	99,00	99,00
Petroleum Exploration & Production Int Ltd [2]	100,00	100,00	100,00
Fortico International Limited [2]	100,00	100,00	100,00
PT Medco Energi Nusantara [1]	100,00	100,00	100,00

1) Entitas anak dengan kepemilikan langsung oleh PT Medco Energi Internasional Tbk.
2) Entitas anak dengan kepemilikan tidak langsung
3) Entitas anak diklasifikasikan sebagai aset tersedia untuk dijual atau operasi yang dihentikan

1) Subsidiaries held directly by PT Medco Energi Internasional Tbk.
2) Subsidiaries held indirectly through subsidiary undertakings
3) Subsidiaries classified as asset held for sale or discontinued operation

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

ii. Grup mempunyai operasi bersama minyak dan gas atau Kontrak Jasa/Perjanjian Partisipasi dan Pembagian Ekonomi di dalam negeri sebagai berikut:

1. GENERAL (continued)

d. Subsidiaries (continued)

ii. The Group has interests in the following domestic petroleum joint operations or Service Contracts/Participation and Economic Sharing Agreements as follows:

Daerah Operasi	Hak Kepemilikan (%)/*Interest (%)* 2018	2017	2016	*Operation Area*
PSC Sumatera Selatan	100,00	100,00	100,00	*PSC South Sumatera*
PSC Tarakan	100,00	100,00	100,00	*PSC Tarakan*
PSC Rimau	95,00	95,00	95,00	*PSC Rimau*
JOB Senoro-Toili	30,00	30,00	30,00	*JOB Senoro-Toili*
PSC Lematang	100,00	100,00	100,00	*PSC Lematang*
JOB Simenggaris	62,50	62,50	62,50	*JOB Simenggaris*
PSC Blok "A" Aceh	85,00	85,00	58,33	*PSC Block "A" Aceh*
PSC Laut Natuna Selatan Blok B	40,00	40,00	40,00	*PSC South Natuna Sea Block B*
GMB Lematang	-	-	34,00	*CBM Lematang*
PSC Bengara	100,00	100,00	100,00	*PSC Bengara*
GMB Muralim	50,00	50,00	50,00	*CBM Muralim*
PSC Bawean	-	-	100,00	*PSC Bawean*
PSC Sokang Selatan	100,00	100,00	100,00	*PSC South Sokang*
PSC Cendrawasih	100,00	100,00	100,00	*PSC Cendrawasih*
GKPB Sarulla Geotermal Operation	18,81	18,81	-	*JOCG Sarulla Geothermal Operation*

PSC: Kontrak Bagi Hasil
JOB: Badan Operasi Bersama
GMB: Gas Metana Batu Bara
GKPB: Grup Kontraktor Pengendalian Bersama

PSC: Production Sharing Contract
JOB: Joint Operating Body
CBM: Coal Bed Methane
JOCG: Joint Operation Contractor Group

iii. Grup mempunyai operasi bersama minyak dan gas atau Kontrak Jasa/Perjanjian Partisipasi dan Pembagian Ekonomi di luar negeri sebagai berikut:

iii. The Group has interests in the following overseas petroleum joint operations or Service Contracts/Participation and Economic Sharing Agreements as follows:

Daerah Operasi	Negara/*Country*	Hak Kepemilikan (%)/*Interest (%)* 2018	2017	2016	*Operation Area*
East Cameron (EC) 317/318 lease[1)]	Amerika Serikat/*USA*	75,00	75,00	75,00	*East Cameron (EC) 317/318 lease[1)]*
East Cameron (EC) 316[1)]	Amerika Serikat/*USA*	100,00	100,00	100,00	*East Cameron (EC) 316[1)]*
Main Pass (MP) 64/65 lease[1)]	Amerika Serikat/USA	75,00	75,00	75,00	*Main Pass (MP) 64/65 lease[1)]*
Nimr - Karim Area	Oman	51,00	51,00	51,00	*Nimr - Karim Area*
Blok 56	Oman	50,00	50,00	75,00	*Block 56*
Blok 47 Ghadames Basin	Libya	50,00	50,00	50,00	*Block 47 Ghadames Basin*
Blok 82	Yaman/Yemen	-	-	38,25	*Block 82*
Blok 9	Yaman/Yemen	21,25	21,25	21,25	*Block 9*
Blok Bir Ben Tartar[1)]	Tunisia	100,00	100,00	100,00	*Block Bir Ben Tartar[1)]*
Blok Adam[1)]	Tunisia	5,00	5,00	5,00	*Block Adam[1)]*
Blok Cosmos[1)]	Tunisia	80,00	80,00	80,00	*Block Cosmos[1)]*
Blok Yasmin[1)]	Tunisia	100,00	100,00	100,00	*Block Yasmin[1)]*
Blok Sud Remada[1)]	Tunisia	100,00	100,00	100,00	*Block Sud Remada[1)]*
Blok Borj El Khadra[1)]	Tunisia	10,00	10,00	10,00	*Block Borj El Khadra[1)]*
Blok Jenein[1)]	Tunisia	65,00	65,00	65,00	*Block Jenein[1)]*
Blok Hammamet[1)]	Tunisia	54,00	54,00	54,00	*Block Hammamet[1)]*

1) Sejak tahun 2018, operasi Bersama ini telah diklasifikasikan sebagai tersedia untuk dijual (Catatan 38).

1) Starting 2018, these joint operations have been classified as held for sale (Note 38).

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

iv. Grup mempunyai pembangkit listrik dengan kapasitas terpasang sebagai berikut:

1. GENERAL (continued)

d. Subsidiaries (continued)

iv. The Group has power plants with the installed capacity as follows:

Entitas	Lokasi/ *Location*	Kapasitas Terpasang (MW)/ *Installed Capacity (MW)* 2018	2017	*Entity*
PT Medco Power Indonesia				*PT Medco Power Indonesia*
Truck-Mounted 2500	Batam	20	20	*Truck-Mounted 2500*
Singa	Sumatera Selatan/ *South Sumatera*	7	7	*Singa*
PT Mitra Energi Batam	Batam	85	85	*PT Mitra Energi Batam*
PT Dalle Energy Batam	Batam	85	85	*PT Dalle Energy Batam*
PT Energi Listrik Batam	Batam	76	76	*PT Energi Listrik Batam*
PT Energi Prima Elektrika	Palembang	12	12	*PT Energi Prima Elektrika*
PT Multidaya Prima Elektrindo	Palembang	12	12	*PT Multidaya Prima Elektrindo*
Sarulla Operations Ltd	Sumatera Utara/ *North Sumatera*	330	220	*Sarulla Operations Ltd*
PT Bio Jatropha Indonesia	Jawa Barat/ *West Java*	9	9	*PT Bio Jatropha Indonesia*
PT Pembangkitan Pusaka Parahiangan	Jawa Barat/ *West Java*	9	-	*PT Pembangkitan Pusaka Parahiangan*

v. Grup melakukan sejumlah akuisisi dan divestasi/penjualan aset sebagaimana diungkapkan dalam Catatan 46.

v. The Group has undertaken acquisitions and divestments/sale of assets as disclosed in Note 46.

vi. PT Medco Power Indonesia, melalui PT Medco Geopower Sarulla, memiliki kepemilikan sebesar 18,8075% pada Sarulla Geothermal Operation (Grup Kontraktror Pengendalian Bersama) ("GKPB"). GKPB ditunjuk untuk melakukan eksplorasi dan eksploitasi atas sumber energi geotermal pada area Sarulla dengan luas lahan sebesar 490 km^2 di Sumatera Utara dan untuk menghasilkan energi listrik dari sumber tersebut serta menjual kepada PT Perusahaan Listrik Negara (Persero).

vi. PT Medco Power Indonesia, through PT Medco Geopower Sarulla, has interest of 18.8075% in the Sarulla Geothermal Operation (Joint Operation Contractor Group) ("JOCG"). The JOCG is engaged in the exploration and exploitation of geothermal energy resources in the Sarulla area with the size of approximately 490 km^2, in North Sumatera, and to generate electricity from those resources as well as sale to PT Perusahaan Listrik Negara (Persero).

vii. Berdasarkan Akta Notaris Siti Rumondang Bulan Lubis, SH, M.Kn No. 1 tanggal 10 September 2018, PT Medco Gas Indonesia berubah nama menjadi PT Medco Infrastruktur Indonesia.

vii. Based on Notarial Deed No. 1 dated September 10, 2018 of Siti Rumondang Bulan Lubis, SH, M.Kn, PT Medco Gas Indonesia has changed its registered company name to PT Medco Infrastruktur Indonesia.

viii. Berdasarkan Akta Notaris Siti Rumondang Bulan Lubis, SH, M.Kn No. 8 tanggal 31 Mei 2018, PT Medco CBM Rimau mengubah namanya menjadi PT Medco Energi Natuna.

viii. Based on Notarial Deed No. 8 dated May 31, 2018 of Siti Rumondang Bulan Lubis, SH, M.Kn, PT Medco CBM Rimau has changed its registered company name to PT Medco Energi Natuna.

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

ix. Pada tanggal 26 April 2018, PT Medco Power Indonesia ("MPI") mendirikan PT Medcopower Servis Indonesia berdasarkan Akta Notaris Argo Wahyu Jati Kusumo S.H., M.Kn. No. 10 dan beralamat di Gedung The Energy Lantai 50 dengan modal dasar sebanyak 10.000 saham dengan nilai nominal Rp1.000.000.

x. Berdasarkan Akta Notaris Siti Rumondang Bulan Lubis, SH, M.Kn No. 1 tanggal 9 Februari 2018, PT Saratoga Power mengubah namanya menjadi PT Medco Power Internasional.

xi. Pada tanggal 10 Januari 2018, Medco Strait Services Pte Ltd ("MSS") mendirikan Medco Platinum Road Pte Ltd berdasarkan *Singapore Companies Act* dengan nomor pendaftaran 201801399E dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767) dengan modal dasar sebanyak 1 saham dengan nilai nominal S$1.

xii. Pada tanggal 30 Agustus 2016, Medco Strait Services Pte Ltd ("MSS") mendirikan Medco South China Sea Pte Ltd ("MSCS"), berdasarkan *the Companies Act* dengan nomor pendaftaran 201623586K dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767) dengan modal dasar sebanyak 1 saham, tanpa nilai nominal.

xiii. Pada tanggal 30 Agustus 2016, MSCS melakukan akuisisi 100% kepemilikan saham Medco Natuna Pte Ltd dari MSS dengan harga pembelian S$1.

xiv. Pada tanggal 18 April 2016, MSS mendirikan Medco Natuna Pte Ltd berdasarkan *the Companies Act* dengan nomor pendaftaran 201610187R dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767). Medco Natuna Pte Ltd dimiliki 100% oleh MSS, dengan modal dasar sebanyak 1 saham, tanpa nilai nominal.

1. GENERAL (continued)

d. Subsidiaries (continued)

ix. On April 26, 2018, PT Medco Power Indonesia ("MPI") established PT Medcopower Servis Indonesia, based on notarial deed No. 10 of Argo Wahyu Jati Kusumo S.H., M.Kn. and with registered address in The Energy Building 50th Floor and has an authorized capital stock of 10,000 share with Rp1,000,000 par value.

x. Based on Notarial Deed No. 1 dated February 9, 2018 of Siti Rumondang Bulan Lubis, SH, M.Kn, PT Saratoga Power has changed its registered company name to PT Medco Power Internasional.

xi. On January 10, 2018, Medco Strait Services Pte Ltd ("MSS") established Medco Platinum Road Pte Ltd, which is incorporated under the Singapore Companies Act with Registration No. 201801399E and with registered address in 38 Beach Road #29-11 South Beach Tower, Singapore (189767) and has an authorized capital stock of 1 share with S$1 par value.

xii. On August 30, 2016, Medco Strait Services Pte Ltd ("MSS") established Medco South China Sea Pte Ltd ("MSCS"), incorporated under the Companies Act with Registration No. 201623586K and with registered address in 38 Beach Road #29-11 South Beach Tower, Singapore (189767) and has an authorized capital stock of 1 share, with no par value.

xiii. On August 30, 2016, MSCS acquired the 100% share capital of Medco Natuna Pte Ltd from MSS with acquisition price of S$1.

xiv. On April 18, 2016, MSS established Medco Natuna Pte Ltd incorporated under the Companies Act with Registration No. 201610187R and with registered address in 38 Beach Road #29-11 South Beach Tower Singapore (189767). Medco Natuna Pte Ltd is 100% owned by MSS and has an authorized capital stock of 1 share, with no par value.

1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

xv. Pada tanggal 22 Maret 2016, Medco Energi Global Pte Ltd ("MEG") mendirikan Far East Energy Trading Pte Ltd berdasarkan *the Companies Act* dengan nomor daftar 201607428K dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767). Far East Energy Trading Pte Ltd dimiliki 100% oleh MEG, dengan modal dasar sebanyak 1 saham, tanpa nilai nominal.

1. GENERAL (continued)

d. Subsidiaries (continued)

xv. On March 22, 2016, Medco Energi Global Pte Ltd ("MEG") established Far East Energy Trading Pte Ltd incorporated under the Companies Act, with Registration No. 201607428K and with registered address in 38 Beach Road #29-11 South Beach Tower Singapore (189767). Far East Energy Trading Pte Ltd is 100% owned by MEG and has an authorized capital stock of 1 share, with no par value.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Dasar Penyusunan Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian telah disajikan sesuai dengan Standar Akuntansi Keuangan ("SAK"), yang terdiri dari Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia dan Peraturan serta Pedoman Penyajian dan Pengungkapan Laporan Keuangan yang dikeluarkan oleh Otoritas Jasa Keuangan ("OJK").

Laporan keuangan konsolidasian telah disusun atas dasar akrual, kecuali untuk laporan arus kas konsolidasian, dengan menggunakan konsep biaya historis, kecuali untuk akun-akun tertentu yang diukur dengan dasar sebagaimana dijelaskan di dalam kebijakan akuntansi terkait.

Laporan arus kas konsolidasian yang disusun dengan menggunakan metode langsung, menyajikan penerimaan dan pengeluaran kas dimana arus kas diklasifikasikan menjadi aktivitas operasi, investasi dan pendanaan.

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan konsolidasian adalah Dolar Amerika Serikat ("Dolar AS"), yang juga merupakan mata uang fungsional Perusahaan dan mata uang pelaporan Grup. Setiap entitas dalam Grup menentukan mata uang fungsionalnya masing-masing dan mengukur transaksinya dalam mata uang fungsional tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of the Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and the Regulations and the Guidelines on Financial Statements Presentation and Disclosures issued by Financial Services Authority ("OJK").

The consolidated financial statements have been prepared on the accrual basis, except for consolidated statements of cash flows, using historical cost concept, except for certain accounts which are measured on the bases described in the relevant notes herein.

The consolidated statements of cash flows, which were prepared using the direct method, presents cash receipts and payments classified into operating, investing and financing activities.

The presentation currency used in the preparation of the consolidated financial statements is the United States Dollar ("US Dollar"), the Company's functional currency and the Group's presentation currency. Each entity in the Group determines its own functional currency and and measures its transactions in its respective functional currency.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip Konsolidasi

Laporan keuangan konsolidasian terdiri dari laporan keuangan Perusahaan dan entitas anaknya seperti dijelaskan pada Catatan 1d.

Laporan keuangan konsolidasian meliputi laporan keuangan Perusahaan dan entitas anak ("Grup") pada tanggal 31 Desember setiap tahun. Kendali diperoleh bila Grup terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan *investee* dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas *investee*. Dengan demikian, Grup mengendalikan *investee* jika dan hanya jika Grup memiliki seluruh hal berikut ini:

(a) kekuasaan atas *investee*, yaitu hak yang ada saat ini yang memberi Grup kemampuan saat ini untuk mengarahkan aktivitas yang relevan dari *investee*;
(b) eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*; dan
(c) kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil.

Bila Grup memiliki hak suara atau hak serupa kurang dari mayoritas dari suatu *investee*, Grup mempertimbangkan semua fakta dan keadaan yang relevan dalam mengevaluasi apakah mereka memiliki kekuasaan atas *investee,* termasuk:
(a) pengaturan kontraktual dengan pemilik hak suara lainnya dari *investee*;
(b) hak yang timbul atas pengaturan kontraktual lain; dan
(c) hak suara dan hak suara potensial yang dimiliki Grup.

Grup menilai kembali apakah mereka mengendalikan *investee* bila fakta dan keadaan mengindikasikan adanya perubahan terhadap satu atau lebih dari ketiga elemen pengendalian.

Entitas anak dikonsolidasi secara penuh sejak tanggal akuisisi, yaitu tanggal Perusahaan memperoleh pengendalian, sampai dengan tanggal kehilangan pengendalian. Aset, liabilitas, penghasilan dan beban dari entitas anak yang diakuisisi pada tahun tertentu disertakan dalam laporan keuangan konsolidasian sejak tanggal Grup memperoleh kendali sampai tanggal Grup tidak lagi mengendalikan entitas anak tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation

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

The consolidated financial statements include accounts of the Company and its subsidiaries ("Group") as at December 31 each year. Control is achieved when the Group is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

(a) power over the investee, that is existing rights that give the Group the current ability to direct the relevant activities of the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The Group re-assesses 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group obtains control and until the date the Group ceases to control the subsidiary.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip Konsolidasi (lanjutan)

Laporan keuangan (konsolidasian) entitas anak dibuat untuk periode pelaporan yang sama dengan Perusahaan, menggunakan kebijakan akuntansi yang konsisten.

Semua akun dan transaksi antar Grup yang material, termasuk keuntungan atau kerugian yang belum direalisasi, jika ada, dieliminasi untuk mencerminkan posisi keuangan dan hasil operasi Grup sebagai satu kesatuan usaha.

Perubahan dalam bagian kepemilikan entitas induk pada entitas anak, yang tidak mengakibatkan hilangnya pengendalian, dicatat sebagai transaksi ekuitas. Jika kehilangan pengendalian atas suatu entitas anak, maka Grup:

- menghentikan pengakuan aset (termasuk setiap *goodwill*) dan liabilitas entitas anak;
- menghentikan pengakuan jumlah tercatat setiap Kepentingan Non-pengendali ("KNP");
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laba rugi; dan
- mereklasifikasi bagian induk atas komponen yang sebelumnya diakui sebagai penghasilan komprehensif lain ke laba rugi, atau mengalihkan secara langsung ke saldo laba.

KNP mencerminkan bagian atas laba atau rugi dan penghasilan komprehensif lain dan aset neto dari Entitas Anak yang dapat diatribusikan pada kepentingan ekuitas yang tidak dimiliki secara langsung maupun tidak langsung oleh Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Laba rugi dan setiap komponen dari penghasilan komprehensif lain ("OCI") diatribusikan kepada pemilik entitas Induk dari Grup dan KNP, meskipun hal tersebut mengakibatkan KNP memiliki saldo defisit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

The (consolidated) financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All material intercompany accounts and transactions, including unrealized gains or losses, if any, are eliminated to reflect the financial position and the results of operations of the Group as one business entity.

A change in the parent's ownership in a subsidiary, without loss of control, is accounted for as an equity transaction. In case of loss of control over a subsidiary, the Group:

- *derecognizes the assets (including goodwill) and liabilities of the subsidiary;*
- *derecognizes the carrying amount of any Non-controlling Interest ("NCI");*
- *derecognizes the cumulative translation differences, recorded in equity, if any;*
- *recognizes the fair value of the consideration received;*
- *recognizes the fair value of any investment retained;*
- *recognizes any surplus or deficit in profit or loss; and*
- *reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.*

NCI represents the portion of the profit or loss and other comprehensive income 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 statements of profit or loss and other comprehensive income and under the equity section of the consolidated statements 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.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Kombinasi Bisnis

Kombinasi bisnis dicatat dengan menggunakan metode akuisisi. Biaya perolehan dari suatu akuisisi diukur dari nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, pihak pengakuisisi mengukur KNP pada entitas yang diakuisisi pada nilai wajar atau pada proporsi kepemilikan KNP atas aset neto yang teridentifikasi dari entitas yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan langsung dan dicatat dalam "Beban Penjualan, Umum dan Administrasi".

Dalam suatu kombinasi bisnis yang dilakukan secara bertahap, pihak pengakuisisi mengukur kembali kepemilikan atas ekuitas yang dimiliki sebelumnya pada pihak yang diakuisisi berdasarkan nilai wajar pada tanggal akuisisi dan mengakui keuntungan atau kerugian yang terjadi dalam laba rugi.

Imbalan kontinjensi yang akan dibayarkan oleh pihak pengakuisisi diakui pada nilai wajar pada tanggal akuisisi. Perubahan nilai wajar atas imbalan kontinjensi setelah tanggal akuisisi yang diklasifikasikan sebagai aset atau liabilitas, akan diakui dalam laporan laba rugi atau sebagai pendapatan komprehensif lain sesuai dengan PSAK No. 55. Jika diklasifikasikan sebagai ekuitas, imbalan kontinjensinya tidak diukur kembali sampai penyelesaian terakhir dalam ekuitas.

Pada tanggal akuisisi, pertama kali *goodwill* diukur pada harga perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dibayarkan dan jumlah yang diakui untuk KNP dibandingkan dengan jumlah dari aset teridentifikasi dan liabilitas yang diperoleh. Jika imbalan tersebut kurang dari nilai wajar aset neto entitas anak yang diakuisisi, selisih tersebut diakui dalam laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the 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".

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 PSAK No. 55 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.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Kombinasi Bisnis (lanjutan)

Setelah pengakuan awal, *goodwill* diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai, jika ada. Untuk tujuan uji penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis dialokasikan sejak tanggal akuisisi kepada setiap unit penghasil kas ("UPK") dari Grup yang diharapkan akan memperoleh manfaat dari kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang mengakuisisi dialokasikan kepada UPK tersebut.

Jika *goodwill* telah dialokasikan pada suatu UPK dan operasi tertentu dalam UPK tersebut dilepas, maka *goodwill* yang terasosiasi dengan operasi yang dilepas tersebut dimasukkan dalam jumlah tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari pelepasan operasi. *Goodwill* yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dilepas dan porsi UPK yang ditahan.

Sesuai dengan ketentuan dalam PSAK No. 22, apabila proses akuntansi awal untuk kombinasi bisnis belum selesai pada akhir periode pelaporan pada saat kombinasi terjadi, Kelompok Usaha melaporkan jumlah sementara untuk pos-pos yang proses akuntansinya belum selesai dalam laporan keuangan konsolidasian. Selama periode pengukuran, Kelompok Usaha menyesuaikan secara retrospektif jumlah sementara yang diakui pada tanggal akuisisi untuk mencerminkan informasi baru yang diperoleh tentang fakta dan keadaan yang ada pada tanggal akuisisi dan, jika diketahui telah berdampak pada pengukuran jumlah yang diakui pada tanggal tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Business Combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. 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 PSAK No. 22, 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.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Kombinasi Bisnis (lanjutan)

Kombinasi Bisnis Entitas Sepengendali

Berdasarkan PSAK No. 38, karena transaksi kombinasi bisnis entitas sepengendali tidak mengakibatkan perubahan substansi ekonomi kepemilikan atas bisnis yang dipertukarkan, transaksi tersebut diakui pada nilai tercatat berdasarkan metode penyatuan kepemilikan. Dalam menerapkan metode penyatuan kepemilikan, unsur-unsur laporan keuangan dari entitas yang bergabung, untuk tahun terjadinya kombinasi bisnis entitas sepengendali dan untuk tahun komparatif sajian, disajikan seolah-olah penggabungan tersebut telah terjadi sejak awal tahun entitas yang bergabung berada dalam sepengendalian. Selisih antara jumlah imbalan yang dialihkan dalam kombinasi bisnis entitas sepengendali atau jumlah imbalan yang diterima dalam pelepasan bisnis entitas sepengendali, jika ada, dengan nilai tercatat bisnis tersebut dicatat sebagai bagian dari akun "Tambahan Modal Disetor" pada laporan posisi keuangan konsolidasian.

d. Penentuan Nilai Wajar

Grup mengukur instrumen keuangan seperti derivatif dan investasi jangka pendek pada nilai wajar pada setiap tanggal pelaporan. Pengungkapan nilai wajar untuk instrumen keuangan disajikan dalam Catatan 44.

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran. Pengukuran nilai wajar berdasarkan asumsi bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi di:

- Pasar utama untuk aset dan liabilitas tersebut; atau
- Jika tidak terdapat pasar utama, di pasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Business Combinations (continued)

Business Combination of Entities Under Common Control

Under PSAK No. 38, since the transaction of business combination of entities under common control does not result in a change of the economic substance of the ownership of businesses which are exchanged, the said transaction is recognized at its carrying amount using the pooling-of-interest method. In applying the pooling-of-interest method, the components of the financial statements of the combining entities, for the year during which the business combination of entities under common control occurred and for the comparative year, are presented in such a manner as if the combination has occurred since the beginning of the year of the combining entity under common control. Difference in value of considerations transferred in a business combination of entities under common control or considerations received in a disposal of business of entities under common control, if any, with its carrying amount is recognized as part of "Additional Paid-in Capital" in the consolidated statements of financial position.

d. Determination of Fair Value

The Group measures financial instruments such as derivatives and short-term investments at fair value at each reporting date. Fair value related disclosures for financial instruments are disclosed in Note 44.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Penentuan Nilai Wajar (lanjutan)

Grup harus memiliki akses ke pasar utama atau pasar yang paling menguntungkan tersebut.

Nilai wajar aset dan liabilitas diukur menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset atau liabilitas tersebut, dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomi terbaiknya.

Grup menggunakan teknik penilaian yang sesuai dalam keadaan dan dimana data yang memadai tersedia untuk mengukur nilai wajar, memaksimalkan penggunaan input yang dapat diobservasi yang relevan dan meminimalkan penggunaan input yang tidak dapat diobservasi.

Semua aset dan liabilitas yang nilai wajarnya diukur atau diungkapkan dalam laporan keuangan konsolidasian dikategorikan dalam hirarki nilai wajar, sebagaimana dijelaskan dibawah ini, berdasarkan tingkatan level input yang terendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan:

- Level 1 - harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik.
- Level 2 - teknik penilaian di mana tingkat level input terendah yang signifikan terhadap pengukuran nilai wajar dapat diobservasi baik secara langsung atau tidak langsung.
- Level 3 - teknik penilaian dimana tingkat level input terendah yang signifikan terhadap pengukuran nilai wajar tidak dapat diobservasi baik secara langsung atau tidak langsung.

Untuk aset dan liabilitas yang diukur secara berulang dalam laporan keuangan konsolidasian, Grup menentukan apakah perpindahan antar level hirarki telah terjadi dengan melakukan evaluasi pengelompokan pada setiap akhir periode pelaporan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Determination of Fair Value (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *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.*
- *Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Transaksi dan Saldo dalam Mata Uang Asing

Grup menerapkan PSAK No. 10 yang menggambarkan bagaimana memasukkan transaksi mata uang asing dan kegiatan usaha luar negeri dalam laporan keuangan entitas dan menjabarkan laporan keuangan ke dalam mata uang penyajian. Grup mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya, dan jika ada indikator yang tercampur dan mata uang fungsional tidak jelas, manajemen menggunakan penilaian untuk menentukan mata uang fungsional yang paling tepat menggambarkan pengaruh ekonomi dari transaksi, kejadian dan kondisi yang mendasarinya.

Laporan keuangan konsolidasian disajikan dalam Dolar AS, yang merupakan mata uang fungsional Perusahaan dan mata uang penyajian Grup. Setiap entitas dalam Grup menentukan mata uang fungsionalnya sendiri dan laporan keuangannya diukur menggunakan mata uang fungsional.

Transaksi dan saldo

Seluruh aset dan liabilitas moneter dalam mata uang selain Dolar AS dijabarkan ke Dolar AS dengan menggunakan kurs tengah Bank Indonesia yang berlaku pada tanggal pelaporan. Keuntungan atau kerugian neto dari selisih kurs dikreditkan atau dibebankan ke operasi berjalan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign Currency Transactions and Balances

The Group applies PSAK No. 10 which describes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency. The Group considers the primary indicators and other indicators in determining its functional currency, and if indicators are mixed and the functional currency is not obvious, management uses its judgments to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The consolidated financial statements are presented in US Dollars, which is the Company's functional currency and the Group's presentation currency. Each entity in the Group determines its own functional currency and their financial statements are measured using that functional currency.

Transactions and balances

All monetary assets and liabilities denominated in currencies other than US Dollar are translated to US Dollar at the Bank of Indonesia's middle exchange rates prevailing on the reporting date. The resulting net foreign exchange gains or losses are credited or charged to current operations.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Transaksi dan Saldo dalam Mata Uang Asing (lanjutan)

Grup perusahaan

Untuk tujuan konsolidasi, aset dan liabilitas entitas anak, yang mempunyai mata uang fungsional selain Dolar AS dijabarkan ke mata uang penyajian Grup yaitu Dolar AS dengan menggunakan pedoman berikut ini:

(a) Aset dan liabilitas, baik moneter dan non-moneter, dijabarkan dengan menggunakan kurs tukar yang berlaku pada akhir tanggal pelaporan, sedangkan akun-akun ekuitas dijabarkan dengan menggunakan kurs tukar historis;
(b) Pendapatan dan beban serta arus kas dijabarkan dengan menggunakan kurs tukar rata-rata;
(c) Selisih kurs tukar yang terjadi dikreditkan atau dibebankan ke akun "Penghasilan Komprehensif Lain - Selisih Kurs karena Penjabaran Laporan Keuangan" yang disajikan pada bagian Ekuitas di laporan posisi keuangan konsolidasian, sampai pelepasan investasi neto yang bersangkutan atau kegiatan usaha luar negeri.

Kurs tukar yang digunakan pada tanggal 31 Desember 2018, 2017 dan 2016 atas saldo dalam mata uang asing yang signifikan adalah sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign Currency Transactions and Balances (continued)

Group companies

For consolidation purposes, assets and liabilities of subsidiaries with functional currency other than US Dollar are translated into the Group presentation currency which is the US Dollar using the following basis:

(a) Assets and liabilities, both monetary and non-monetary, are translated using the rates of exchange prevailing at the end of financial reporting date, while equity accounts are translated using historical rates of exchange;
(b) Revenues and expenses and cash flows are translated using average rates of exchange;
(c) The resulting foreign exchange differences arising on translation for consolidation are recognized in "Other Comprehensive Income - Translation Adjustments", under the Equity section of the consolidated statements of financial position, until the disposal of the net investment or the foreign operation.

At December 31, 2018, 2017 and 2016, the rates of exchange used for significant foreign currency-denominated balances are as follows:

	2018	2017	2016	
Rupiah/AS$1	0,000069	0,000074	0,000074	*Rupiah/US$1*
Euro/AS$1	1,1436	1,1938	1,0540	*Euro/US$1*
Dolar Australia/AS$1	0,7052	0,7793	0,7238	*Australian Dollar/US$1*
Dolar Singapura/AS$1	0,7322	0,7480	0,6921	*Singapore Dollar/US$1*
Poundsterling				*Great Britain*
Britania Raya/AS$1	1,2688	1,3447	1,2286	*Poundsterling/US$1*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Transaksi-transaksi dengan Pihak-pihak Berelasi

Grup mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2010).

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak. Beberapa persyaratan tersebut mungkin tidak sama dengan persyaratan yang dilakukan dengan pihak-pihak yang tidak berelasi.

Seluruh transaksi dan saldo dengan pihak-pihak berelasi yang signifikan diungkapkan dalam catatan atas laporan keuangan konsolidasian.

g. Setara Kas dan Kas di Bank dan Deposito Berjangka yang Dibatasi Penggunaannya

Deposito berjangka dan investasi jangka pendek lainnya dengan jangka waktu tiga bulan atau kurang sejak tanggal penempatan yang tidak digunakan sebagai jaminan atau dibatasi penggunaannya, diklasifikasikan sebagai "Setara Kas".

Deposito dan rekening bank yang dibatasi penggunaannya yang akan digunakan untuk membayar utang yang jatuh tempo dalam satu tahun disajikan sebagai aset lancar. Rekening bank lainnya dan deposito berjangka yang dipakai sebagai agunan atau dibatasi penggunaannya disajikan sebagai aset tidak lancar.

h. Persediaan

Persediaan minyak mentah, batu bara, bahan kimia dan produk petroleum lainnya, suku cadang dan perlengkapan untuk operasi dinyatakan sebesar biaya perolehan atau nilai realisasi neto, mana yang lebih rendah. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang atau metode rata-rata. Nilai realisasi neto adalah estimasi harga jual yang wajar di dalam proses usaha normal setelah dikurangi dengan estimasi biaya untuk menyelesaikan dan estimasi biaya penjualannya yang diperlukan. Cadangan untuk penurunan nilai keusangan persediaan ditentukan berdasarkan penelaahan terhadap keadaan masing-masing persediaan pada akhir periode/tahun.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with Related Parties

The Group has transactions with related parties as defined in PSAK No. 7 (Revised 2010).

The transactions are made based on terms agreed by the parties. Such terms may not be the same as those of the transactions between unrelated parties.

All significant transaction and balances with related parties are disclosed in the notes to the consolidated financial statements.

g. Cash Equivalents and Restricted Cash in Banks and Time Deposits

Time deposits and other short-term investments with a maturity date of three months or less at the time of placement which are not used as collateral or are not restricted as to use, are classified as "Cash Equivalents".

Restricted time deposits and cash in banks which will be used to pay currently maturing obligations is presented under current assets. Other current accounts and time deposits which are pledged or restricted as to use are presented under non-current assets.

h. Inventories

Inventories of crude oil, coal, chemicals and other petroleum products, spare parts and supplies used for operations are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method or the average method. Net realizable value is a reasonable selling price in normal process less the estimated costs of completion and estimated costs necessary to make the sale. Allowance for decline in value and obsolescence of inventories is provided based on a review of the individual inventory items at the end of the period/year.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

i. Beban Dibayar Di muka

Beban dibayar di muka diamortisasi selama masa manfaat dengan menggunakan metode garis lurus.

j. Aset Tetap

Aset tetap, kecuali tanah, dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan penurunan nilai. Biaya perolehan aset tetap termasuk biaya penggantian bagian dari aset tetap pada saat terjadinya biaya, jika kriteria pengakuannya terpenuhi. Demikian pula, ketika pemeriksaan utama dilakukan, biaya pemeriksaan diakui sebagai nilai tercatat aset sebagai penggantian jika kriteria pengakuan terpenuhi. Semua biaya perbaikan dan perawatan yang tidak memenuhi kriteria pengakuan diakui pada laporan laba rugi pada saat terjadinya.

Penyusutan dihitung dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonomis aset tetap sebagai berikut:

	Tahun/ *Years*	
Bangunan dan prasarana	20	*Buildings and land improvements*
Mesin	8 - 25	*Machinery*
Peralatan dan perlengkapan pengeboran	8 - 16	*Drilling rigs and equipment*
Kendaraan bermotor	4 - 10	*Vehicles*
Leasehold improvements	3 - 8	*Leasehold improvements*
Peralatan kantor dan lainnya	3 - 5	*Office and other equipment*
Pesawat terbang	20	*Aircraft*
Peralatan	4	*Tools*
Aset sewa guna usaha	4	*Assets under lease*

Tanah dinyatakan berdasarkan biaya perolehan dan tidak disusutkan.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Bangunan ("HGB") yang dikeluarkan ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap" dan tidak diamortisasi. Sementara biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

j. Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the property, plant and equipment as follows:

Land is stated at cost and is not depreciated.

The legal cost of land rights in the form of Building Usage Rights ("HGB") incurred when the land was acquired initially is recognized as part of the cost of the land under "Property, plant and equipment" account and not amortized. Meanwhile the extension or the legal renewal costs of land rights are recognized as intangible assets and amortized over the shorter of the rights' legal life or land's economic life.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

j. Aset Tetap (lanjutan)

Aset tetap dihentikan pengakuannya dari laporan posisi keuangan konsolidasian pada saat penjualan atau saat tidak ada manfaat masa depan dari penggunaan atau penjualan aset tersebut. Segala keuntungan dan kerugian yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan hasil penjualan neto dan nilai tercatat dari aset) diakui dalam laporan laba rugi pada saat aset dihentikan pengakuannya.

Nilai sisa aset, estimasi umur ekonomis dan metode penyusutan ditelaah dan disesuaikan secara prospektif setiap tanggal pelaporan keuangan, jika memadai.

Aset tetap dalam pembangunan dinyatakan sebesar biaya perolehan. Akumulasi biaya perolehan direklasifikasi ke akun aset tetap yang bersangkutan pada saat pembangunan selesai dan aset tersebut telah siap untuk digunakan.

k. Properti Investasi

Properti investasi adalah properti (tanah atau bangunan atau bagian dari suatu bangunan atau kedua-duanya) yang dikuasai (oleh pemilik atau *lessee* melalui sewa pembiayaan) untuk menghasilkan sewa atau untuk kenaikan nilai atau keduanya, dan tidak untuk:

a. Digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif; atau
b. Dijual dalam kegiatan usaha sehari-hari.

Properti investasi, kecuali tanah, diakui sebesar biaya perolehan dan disusutkan sesuai dengan estimasi umur ekonomisnya. Penyusutan dihitung dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonomis properti investasi sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Property, Plant and Equipment (continued)

An item of property, plant and equipment is derecognized from the consolidated statements of financial position upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period the asset is derecognized.

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate, at each financial reporting date.

Construction in progress is stated at cost. The accumulated costs are reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the asset is ready for its intended use.

k. Investment Property

An investment property is defined as a property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

a. Use in the production or supply of goods or services or for administrative purposes; or
b. Sale in the ordinary course of business.

Investment property, except land, is recognized at cost and depreciated over the estimated economic life. Depreciation is computed using the straight-line method based on the estimated useful lives of the investment property as follows:

	Tahun/*Years*	
Bangunan dan prasarana	16 - 40	*Building and infrastructure*
Perlengkapan gedung	3 - 16	*Building equipment*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Properti Investasi (lanjutan)

Manajemen melakukan penilaian atas properti investasi secara berkala untuk memastikan ada tidaknya penurunan nilai permanen yang material.

Tanah dinyatakan pada biaya perolehan dan tidak disusutkan.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Usaha ("HGU"), Hak Guna Bangunan ("HGB") dan Hak Pakai ("Hak Pakai") ketika tanah diperoleh pertama kali diakui sebagai bagian dari perolehan tanah dan tidak diamortisasi. Sedangkan biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

l. Investasi pada Entitas Asosiasi dan Ventura Bersama

Entitas asosiasi adalah entitas yang mana Grup memiliki pengaruh signifikan. Pengaruh signifikan adalah kekuasaan untuk berpartisipasi dalam keputusan kebijakan keuangan dan operasional *investee*, tetapi tidak mengendalikan atau mengendalikan bersama atas kebijakan tersebut.

Ventura bersama adalah pengaturan bersama yang para pihaknya memiliki pengendalian bersama atas pengaturan memiliki hak atas aset neto dari ventura bersama. Pengendalian bersama adalah persetujuan kontraktual untuk berbagi pengendalian atas suatu pengaturan, yang ada hanya ketika keputusan tentang aktivitas relevan mensyaratkan persetujuan dengan suara bulat dari seluruh pihak yang berbagi pengendalian.

Sesuai dengan metode ekuitas, investasi pada entitas asosiasi dan ventura bersama diakui pada awalnya sebesar biaya perolehan. Nilai tercatat investasi tersebut selanjutnya disesuaikan untuk mengakui perubahan pasca perolehan dalam bagian Grup atas aset neto dari entitas asosiasi dan ventura bersama tersebut sejaka tanggal akuisisi. *Goodwill* sehubungan dengan entitas asosiasi diakui dalam nilai tercatat investasi dan tidak diamortisasi maupun dilakukan pengujian penuruan nilai secara individual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Investment Property (continued)

Management conducts appraisal of investment property with sufficient regularity to ensure whether or not there is a material permanent impairment.

Land is presented at acquisition cost and not depreciated.

Legal costs of land rights in the form of Business Usage Rights (Hak Guna Usaha or "HGU"), Building Usage Right (Hak Guna Bangunan or "HGB") and Usage Right ("Hak Pakai") when the land was acquired initially are recognized as part of the cost of the land and not amortized. Meanwhile the extension or the legal renewal costs of land rights are recognized as intangible assets and amortized over the shorter of the rights' legal life or land's economic life.

l. Investment in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate and joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate and joint venture since the acquisition date. Goodwill relating to the associate and joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

l. Investasi pada Entitas Asosiasi dan Ventura Bersama (lanjutan)

Laporan laba rugi dan penghasilan komprehensif lain konsolidasian mencerminkan bagian Grup atas hasil operasi dari entitas asosiasi dan ventura bersama. Bila terdapat perubahan dalam pendapatan komprehensif lainnya pada entitas asosiasi dan ventura bersama, disajikan sebagai pendapatan komprehensif lainnya Grup. Bila terdapat perubahan yang diakui langsung pada ekuitas dari entitas asosiasi, Grup mengakui bagiannya atas perubahan tersebut dan mengungkapkan hal ini, jika dapat diterapkan, dalam laporan perubahan ekuitas konsolidasian. Laba atau rugi yang belum direalisasi sebagai hasil dari transaksi antara Grup dengan entitas asosiasi dan ventura bersama dieliminasi pada jumlah sesuai dengan jumlah kepentingan Grup dalam entitas asosiasi dan ventura bersama.

Laporan keuangan entitas asosiasi dan ventura bersama disusun untuk periode pelaporan yang sama dengan Grup. Jika diperlukan, penyesuaian dilakukan untuk menyeragamkan dengan kebijakan akuntansi Grup.

Setelah penerapan metode ekuitas, Grup menentukan apakah diperlukan untuk mengakui rugi penurunan nilai atas investasi dalam entitas asosiasi dan ventura bersama.

Grup menentukan pada setiap tanggal pelaporan apakah terdapat bukti yang obyektif yang mengindikasikan bahwa investasi dalam entitas asosiasi mengalami penurunan nilai. Dalam hal terdapat bukti yang obyektif, Grup menghitung jumlah penurunan nilai berdasarkan selisih antara jumlah terpulihkan atas investasi dalam entitas asosiasi dan ventura bersama dan nilai tercatatnya dan mengakui kerugian tersebut sebagai "Bagian laba (rugi) dari entitas asosiasi dan ventura bersama" di dalam laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Investment in Associates and Joint Ventures (continued)

The consolidated statements of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associates and joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate and joint venture.

The financial statements of the associate and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policy in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate and joint venture.

At its reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value, and then recognizes the loss as "Share of net income (loss) of associates and joint venture" in the profit or loss.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

l. Investasi pada Entitas Asosiasi dan Ventura Bersama (lanjutan)

Pada saat kehilangan pengaruh signifikan terhadap entitas asosiasi dan ventura bersama, Grup mengukur dan menilai investasi yang tersisa pada nilai wajarnya. Selisih yang timbul atas nilai tercatat dengan nilai wajarnya pada saat kehilangan pengaruh signifikan dan hasil yang diterima pada saat pelepasan diakui dalam laporan laba rugi.

Investasi dicatat dengan menggunakan metode ekuitas sejak tanggal investasi tersebut memenuhi definisi entitas asosiasi atau ventura bersama. Pada saat perolehan investasi, setiap selisih antara biaya perolehan investasi dengan bagian entitas atas nilai wajar neto aset dan liabilitas teridentifikasi dari *investee* dicatat dengan cara sebagai berikut:

a) *Goodwill* yang terkait dengan entitas asosiasi atau ventura bersama termasuk dalam jumlah tercatat investasi. Amortisasi *goodwill* tersebut tidak diperkenankan.
b) Setiap selisih lebih bagian entitas atas nilai wajar neto aset dan liabilitas teridentifikasi dari *investee* terhadap biaya perolehan investasi dimasukkan sebagai penghasilan dalam menentukan bagian entitas atas laba rugi entitas asosiasi atau ventura bersama pada periode investasi diperoleh.

Penyesuaian terhadap bagian entitas atas laba rugi entitas asosiasi atau ventura bersama setelah akuisisi dilakukan untuk mencatat, sebagai contoh, penyusutan dari aset berdasarkan nilai wajarnya pada tanggal perolehan. Sedangkan, penyesuaian terhadap bagian entitas atas laba rugi entitas asosiasi atau ventura bersama setelah akuisisi dilakukan atas rugi penurunan nilai yang diakui, misalnya *goodwill* atau aset tetap.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Investment in Associates and Joint Ventures (continued)

Upon loss of significant influence over the associate and joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

An investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
b) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Aset dalam Sewa Pembiayaan

Penentuan apakah suatu perjanjian merupakan perjanjian sewa atau perjanjian yang mengandung sewa didasarkan atas substansi perjanjian pada tanggal awal sewa dan apakah pemenuhan perjanjian tergantung pada penggunaan suatu aset dan perjanjian tersebut memberikan suatu hak untuk menggunakan aset tersebut. Sewa yang mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, diklasifikasikan sebagai sewa pembiayaan. Selanjutnya, suatu sewa diklasifikasikan sebagai sewa operasi, jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset.

Grup sebagai *lessee*

Dalam sewa pembiayaan, Grup mengakui aset dan liabilitas dalam laporan posisi keuangan konsolidasian pada awal masa sewa, sebesar nilai wajar aset sewaan atau sebesar nilai kini dari pembayaran sewa minimum, jika nilai kini lebih rendah dari nilai wajar. Pembayaran sewa dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pelunasan liabilitas sewa. Beban keuangan dialokasikan setiap periode selama masa sewa, sehingga menghasilkan tingkat suku bunga periodik yang konstan atas saldo liabilitas.

Sewa kontinjen dibebankan pada periode terjadinya. Beban keuangan dicatat dalam laporan laba rugi. Aset sewaan (disajikan sebagai bagian aset tetap) disusutkan selama jangka waktu yang lebih pendek antara umur manfaat aset sewaan dan periode masa sewa, jika tidak ada kepastian yang memadai bahwa Grup akan mendapatkan hak kepemilikan pada akhir masa sewa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Assets under Finance Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

The Group as lessee

Under a finance lease, the Group recognizes assets and liabilities in its consolidated statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred. Finance charges are reflected in profit or loss. Capitalized leased assets (presented under the account property, plant and equipment) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Aset dalam Sewa Pembiayaan (lanjutan)

Grup sebagai *lessor*

Dalam sewa operasi, Grup menyajikan aset yang menjadi sewa operasi dalam laporan posisi keuangan konsolidasian sesuai sifat aset. Biaya langsung awal yang dikeluarkan dalam negosiasi sewa operasi ditambahkan ke nilai tercatat dari aset sewaan dan diakui selama masa sewa dengan dasar yang sama dengan pendapatan sewa. Sewa kontinjen, jika ada, diakui sebagai pendapatan pada periode perolehannya. Pendapatan sewa dari sewa operasi diakui sebagai pendapatan dengan metode garis lurus selama masa sewa.

Dalam sewa pembiayaan, Grup mengakui aset berupa piutang sewa pembiayaan dalam laporan posisi keuangan konsolidasi sebesar jumlah yang sama dengan investasi sewa neto yaitu, jumlah agregat dari (i) pembayaran sewa minimum yang akan diterima *lessor* dalam sewa pembiayaan dan (ii) nilai residu yang tidak dijamin yang menjadi hak *lessor* didiskontokan dengan suku bunga implisit dalam sewa. Selisih antara investasi sewa neto dan investasi sewa bruto (jumlah agregat dari pembayaran sewa minimum yang akan diterima *lessor* dalam sewa pembiayaan dan nilai residu yang tidak dijamin yang menjadi hak *lessor*) dialokasikan sebagai pendapatan keuangan selama masa sewa didasarkan pada suatu pola yang mencerminkan suatu tingkat pengembalian periodik yang konstan atas investasi neto.

Laba atau rugi dari transaksi jual-dan-sewa balik yang merupakan sewa pembiayaan, ditangguhkan dan diamortisasi dengan menggunakan metode garis lurus selama masa sewa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Assets under Finance Lease (continued)

The Group as lessor

Under an operating lease, the Group present assets subject to operating leases in the consolidated statements of financial position according to the nature of the asset. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the periods in which these are earned. Lease income from operating leases is recognized as income on the straight-line method over the lease term.

Under a finance lease, the Group recognizes an asset in the form of finance lease receivable in its consolidated statements of financial position in the amount of the net investment in finance lease which is the aggregate amount of (i) the minimum lease payments to be received by the lessor under the finance lease and (ii) unguaranteed residual value which becomes a right of the lessor, discounted at interest rate implicit in the lease. The difference between the net investment in finance lease and the gross investment in finance lease (representing the aggregate amount of the minimum lease payments to be received by the lessor under the finance lease and unguaranteed residual value which becomes the right of the lessor) is allocated as finance income over the term of the lease so as to produce a constant periodic rate of return on the net investment.

Gain or loss on sale-and-leaseback transactions where the leaseback is a finance lease, is deferred and amortized using the straight-line method over the lease term.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

n. Aset Konsesi

GKPB dan MRPR menerapkan ISAK No. 16, "Perjanjian Konsesi Jasa". ISAK No. 16 menetapkan kriteria pengendalian untuk perjanjian konsesi:

- Pemberi konsesi mengendalikan atau mengatur jasa apa yang harus diberikan oleh operator menggunakan infrastruktur, kepada siapa jasa harus diberikan, dan berapa harganya, dan
- Pemberi konsesi mengendalikan nilai sisa signifikan dalam infrastruktur pada akhir masa perjanjian melalui kepemilikan, hak manfaat, atau bentuk lain.

Ciri umum adalah:

- Pihak yang memberikan perjanjian jasa (pemberi konsesi) merupakan entitas sektor publik, termasuk badan pemerintah, atau entitas sektor swasta yang telah diberikan tanggung jawab atas jasa tersebut.
- Operator bertanggung jawab setidaknya untuk sebagian pengelolaan infrastruktur dan jasa terkait dan tidak hanya bertindak sebagai agen untuk kepentingan pemberi konsesi.
- Kontrak menerapkan harga awal yang akan dikenakan oleh operator dan mengatur perubahan harga selama periode perjanjian jasa.
- Operator diwajibkan untuk menyerahkan infrastruktur kepada pemberi konsesi pada akhir periode perjanjian dalam kondisi yang telah ditentukan, dengan sedikit atau tanpa imbalan tambahan, terlepas dari pihak yang awalnya membiayai infrastruktur.

Karena Kontrak Operasi Bersama ("JOC") dan Kontrak Penjualan Energi ("ESC") mempunyai ciri umum perjanjian jasa dan infrastruktur yang timbul dari kontrak tersebut dikendalikan oleh pemberi konsesi, kontrak tersebut dianggap sebagai perjanjian konsesi jasa. ESC memberikan jaminan ambil atau bayar yang berarti bahwa operator memiliki hak tak bersyarat untuk menerima kas atau aset keuangan lainnya dari pemberi konsesi. Oleh karena itu, GKPB menerapkan model aset keuangan untuk perjanjian konsesi jasanya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Concession Financial Assets

The JOCG and MRPR applies ISAK No. 16, "Service Concession Arrangements". ISAK No. 16 sets out the control criteria for concession arrangements:

- *The grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price, and*
- *The grantor controls any significant residual interest in the infrastructure at the end of the concession term through ownership, beneficial entitlement or otherwise.*

The common features are:

- *The party granting the service arrangement (the grantor) is a public sector entity, including a governmental body, or a private sector entity to which the responsibility for the service has been devolved.*
- *The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor.*
- *The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.*
- *The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of arrangement, for little or no incremental consideration, irrespective of which party initially financed it.*

Since the Joint Operation Contract ("JOC") and Energy Sales Contract ("ESC") have common features of a concession arrangement and the infrastructure arising from those contracts is controlled by the grantor, those contracts are considered service concession arrangements. The ESC provides take or pay guarantees which means the operator has an unconditional right to receive cash or another financial asset from the grantor. As such, the JOCG applies the financial asset model for its service concession arrangement.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

o. Aset Minyak dan Gas Bumi

Biaya pengeboran sumur pengembangan dan sumur tes stratigrafi tahap pengembangan, *platform*, perlengkapan sumur dan fasilitas produksi terkait, dikapitalisasi sebagai aset sumur, perlengkapan dan fasilitas dalam pengerjaan. Biaya tersebut dipindahkan ke aset sumur, perlengkapan dan fasilitas terkait pada saat pengeboran atau konstruksi selesai.

Penyusutan, deplesi dan amortisasi atas aset minyak dan gas bumi, kecuali untuk aset sumur, perlengkapan dan fasilitas dalam pengerjaan, dihitung dengan menggunakan metode satuan unit produksi, dengan menggunakan produksi kotor yang dibagi dengan cadangan kotor yang terbukti dan telah dikembangkan. Penyusutan atas fasilitas pendukung dan peralatan dihitung dengan menggunakan metode garis lurus selama 4 sampai dengan 20 tahun.

Entitas anak yang bergerak di bidang eksplorasi dan produksi minyak dan gas bumi (kecuali entitas anak yang beroperasi di Amerika Serikat) tidak mempunyai kepemilikan secara hukum atas aset produksi maupun atas cadangan minyak dan gas bumi, tetapi mempunyai hak untuk mengoperasikan aset tersebut dan menerima bagian dari produksi dan/atau pendapatan dari penjualan minyak dan gas bumi sesuai dengan kontrak yang berlaku.

p. Aset Eksplorasi dan Evaluasi

Beban eksplorasi dan evaluasi termasuk biaya geologi dan geofisika, biaya pengeboran sumur eksplorasi termasuk biaya pengeboran sumur tes stratigrafi tahap eksplorasi, dan biaya lainnya yang terkait untuk mengevaluasi kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi dikapitalisasi dan disajikan terpisah sebagai Aset Eksplorasi dan Evaluasi di laporan posisi keuangan konsolidasian.

Pengeluaran yang dilakukan sebelum perolehan izin penambangan untuk entitas anak yang bergerak di bidang tambang batu bara dibebankan pada saat terjadinya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Oil and Gas Properties

The costs of drilling development wells and development-type stratigraphic test wells, platforms, well equipment and attendant production facilities, are capitalized as uncompleted wells, equipment and facilities. Such costs are transferred to wells and related equipment and facilities upon completion.

Depreciation, depletion and amortization of oil and gas properties, except uncompleted wells, equipment and facilities, are calculated based on the unit-of-production method, using the gross production divided by gross proved and developed reserves. Depreciation for support facilities and equipment is calculated using straight-line method over 4 to 20 years.

The subsidiaries engaged in exploration and production of oil and gas (excluding the subsidiaries located in United States) have no legal ownership in the producing assets and oil and gas reserves, but rather have the right to operate the assets and receive a share of production and/or revenues from the sale of oil and gas in accordance with the respective contracts.

p. Exploration and Evaluation Assets

Exploration and evaluation expenditures including geological and geophysical costs, costs of drilling exploratory wells, including the costs of drilling exploratory-type stratigraphic test wells, and other costs in relation to evaluating the technical feasibility and commercial viability of extracting oil and gas are capitalized and presented separately as Exploration and Evaluation Assets in the consolidated statements of financial position.

The costs incurred before the acquisition of mining license for subsidiaries engaged in coal mining are expensed when incurred.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

p. Aset Eksplorasi dan Evaluasi (lanjutan)

Jika tidak ditemukan potensi cadangan yang secara ekonomis dapat diperoleh, aset eksplorasi dan evaluasi dihapus melalui laba rugi sebagai sumur kering. Jika cadangan terbukti ditemukan dan layak dikembangkan tergantung pada aktivitas penilaian lebih lanjut, pengeluaran disajikan sebagai aset eksplorasi dan evaluasi pada saat kegiatan mengevaluasi kelayakan tersebut sedang berlangsung.

Pemulihan aset eksplorasi dan evaluasi tergantung pada keberhasilan pengembangan dan eksploitasi komersial daerah pengembangan (*area of interest*) tersebut. Aset eksplorasi dan evaluasi diuji untuk penurunan nilai bila fakta dan kondisi mengindikasikan bahwa jumlah tercatatnya mungkin melebihi jumlah terpulihkannya. Dalam keadaan tersebut, maka entitas harus mengukur, menyajikan dan mengungkapkan rugi penurunan nilai terkait sesuai dengan PSAK No. 48 (Revisi 2014).

Aset eksplorasi dan evaluasi ditransfer ke "Properti pertambangan" dan "Aset minyak dan gas bumi" pada akun "Aset minyak dan gas bumi dan properti pertambangan" setelah ditetapkan bahwa tambang memiliki nilai ekonomis untuk dikembangkan.

q. Saham Treasuri

Perolehan kembali modal saham sebagai saham treasuri yang akan diterbitkan kembali di masa yang akan datang dicatat dengan menggunakan metode nilai nominal. Berdasarkan metode ini, nilai nominal saham treasuri disajikan sebagai pengurang akun modal saham. Apabila saham treasuri tersebut semula diterbitkan dengan harga di atas nilai nominal, akun tambahan modal disetor terkait akan disesuaikan. Selisih lebih harga perolehan kembali atas harga penerbitan awal disesuaikan ke saldo laba.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Exploration and Evaluation Assets (continued)

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity, it is probable that they can be commercially developed, the costs continue to be carried as an exploration and evaluation asset while progress is made in assessing the commerciality of the hydrocarbons.

The recoverability of exploration and evaluation assets depends on the successful development and commercial exploitation in such area (area of interest). Exploration and evaluation assets are tested for impairment if certain facts and circumstances indicate that the carrying amount of the assets may exceed the recoverable value. In such conditions, the entity must measure, present and disclose the impairment loss as required under PSAK No. 48 (Revised 2014).

The exploration and evaluation assets are transferred to "Mining properties" and "Oil and gas properties" in the "Oil and gas assets and mining properties" account after the mining area is determined to have commercial reserves for further development.

q. Treasury Stock

Reacquisition of capital stock to be held as treasury stock for future reissuance is recorded by using par value method. Under this method, the par value of treasury stock is presented as a reduction from the capital stock account. If the treasury stock had been originally issued at a price above par value, the related additional paid-in capital account is adjusted. Any excess of the reacquisition cost over the original issuance price is adjusted to retained earnings.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

r. Pengaturan pembayaran berbasis saham

Perusahaan memberikan kepada manajemen dan karyawan Grup yang memenuhi syarat (termasuk *executive* senior) imbalan dalam bentuk pembayaran berbasis saham (transaksi pembayaran berbasis saham yang diselesaikan dengan instrumen ekuitas), di mana pembayaran diselesaikan dengan saham Perusahaan.

Biaya transaksi pembayaran berbasis saham yang diselesaikan dengan instrumen ekuitas ditentukan berdasarkan nilai wajar ketika penghargaan diberikan, menggunakan nilai pasar saham pada tanggal pemberian penghargaan.

Biaya tersebut diakui sebagai beban, bersama-sama dengan kenaikan pada ekuitas (tambahan modal disetor), selama periode jasa diberikan (periode *vesting).* Biaya atas penghargaan yang *vest* segera, langsung diakui sebagai beban pada tanggal pemberian penghargaan.

Jasa yang masih harus diberikan tidak dipertimbangkan dalam mengestimasi nilai wajar saham pada tanggal pengukuran, tapi kemungkinan terpenuhinya kondisi dievaluasi sebagai bagian dari estimasi terbaik Grup dalam menentukan jumlah instrumen ekuitas yang pada akhirnya akan *vest*.

s. Biaya emisi efek ekuitas

Biaya emisi efek ekuitas disajikan sebagai pengurang "Tambahan Modal Disetor" sebagai bagian dari ekuitas pada laporan posisi keuangan konsolidasian.

t. Program Pensiun dan Imbalan Kerja Lainnya

Grup menyelenggarakan program pensiun dan imbalan kerja lainnya berikut untuk semua karyawan tetapnya:

- Program pensiun imbalan pasti untuk karyawan pada entitas anak yang bergerak di bidang minyak dan gas bumi;
- Program pensiun iuran pasti untuk karyawan pada entitas anak yang bergerak di bidang minyak dan gas bumi;
- Imbalan pasca-kerja sesuai dengan Undang-Undang Tenaga Kerja No. 13/2003; dan
- Penghargaan *Jubilee* setelah beberapa tahun masa kerja.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Share-based payment arrangement

The Company grants remuneration to the Group's management and eligible employees (including senior executives) in the form of share-based payments (equity-settled share-based payment transactions), wherein the payment is settled with the shares of the Company.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the share market price at grant date.

Such cost is recognized as an expense, together with a corresponding increase in equity (additional paid-in capital), over the period in which the services are provided (the vesting period). The cost for an award that vests immediately is recognized as an expense at grant date.

Services to be rendered are not taken into account when determining the grant date fair value of share awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

s. Stock issuance cost

Stock issuance costs are presented as deduction from "Additional Paid-in Capital" in the equity section in the consolidated statements of financial position.

t. Pension and Other Employment Benefits

The Group provided the following pension and other employment benefits for all permanent employees:

- *Defined benefit pension plan for employees of subsidiaries in oil and gas operations;*
- *Defined contribution pension plan for employees of subsidiaries in oil and gas operations;*
- *Post-employment benefits in accordance with the requirements of Labor Law No. 13/2003; and*
- *Jubilee awards upon completion of a certain number of years of services.*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

t. Program Pensiun dan Imbalan Kerja Lainnya (lanjutan)

Grup juga menyediakan imbalan pasca-kerja untuk personil manajemen utama sesuai dengan kebijakan Grup.

Program imbalan pasti

Beban atas pemberian imbalan dalam program imbalan manfaat pasti ditentukan dengan metode *Projected Unit Credit* dengan penilaian aktuaria yang dilakukan pada setiap akhir periode pelaporan tahunan.

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, yang diakui sebagai penghasilan komprehensif lain, terdiri dari:

i. Keuntungan atau kerugian aktuaria;
ii. Imbal hasil atas aset program, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset);
iii. Setiap perubahan dampak batas aset, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset).

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, diakui sebagai penghasilan komprehensif lain dan disajikan sebagai pos terpisah di ekuitas serta tidak direklasifikasi ke laba rugi pada periode berikutnya.

Biaya jasa lalu diakui pada laba rugi pada tanggal yang lebih awal antara tanggal amandemen atau kurtailmen program; dan tanggal pada saat Grup mengakui biaya restrukturisasi terkait.

Bunga neto ditentukan dengan mengalikan liabilitas (aset) imbalan pasti neto dengan tingkat diskonto. Grup mengakui perubahan atas liabilitas imbalan pasti neto berikut pada biaya produksi dan *lifting* dan beban penjualan, umum dan administrasi pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian:

- Biaya jasa yang terdiri dari biaya jasa kini, biaya jasa lalu dan keuntungan dan kerugian atas kurtailmen.
- Beban atau pendapatan bunga neto.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Pension and Other Employment Benefits (continued)

In addition, the Group also provided the post-employment benefits for its key management personnel in accordance with the Group policy.

Defined benefit program

The cost of providing benefits under the defined benefits plan is determined using the Projected Unit Credit method with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement on net defined benefit liabilities (asset), which is recognized as other comprehensive income, consists of:

i. Actuarial gain and losses;
ii. Return on program asset, excluding of amount included in liabilities (asset) net interest;
iii. Every changes in asset ceiling, excluding of amount included in liabilities (asset) net interest.

Remeasurement on net defined benefit liabilities (asset), is recognized as other comprehensive income and presented as separate line item in equity and will not be reclassified to profit or loss in the next periods.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying discount rate to the net defined benefit liability (asset). The Group recognizes the following changes in the net defined benefit obligation under production and lifting cost and selling, general and administrative expenses in the consolidated statements of profit or loss and other comprehensive income:

- *Service costs comprise current service costs, past-service costs and gains and losses on curtailments.*
- *Net interest expense or income.*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

t. Program Pensiun dan Imbalan Kerja Lainnya (lanjutan)

Program imbalan pasti (lanjutan)

Kurtailmen terjadi apabila Grup mengurangi secara signifikan jumlah pekerja yang ditanggung oleh program, terminasi atau penghentian program.

Penyelesaian program terjadi ketika entitas melakukan transaksi yang menghapuskan semua kewajiban hukum atau konstruktif untuk sebagian atau seluruh imbalan dalam program imbalan pasti.

Program pensiun iuran pasti

Biaya atas program pensiun iuran pasti tersebut diakui pada saat terjadinya.

Imbalan jangka panjang lainnya

Beban imbalan jangka panjang lainnya ditentukan dengan metode *Projected Unit Credit* dengan metode yang disederhanakan di mana metode ini tidak mengakui pengukuran kembali dalam penghasilan komprehensif lain. Total nilai neto dari biaya jasa kini, biaya bunga neto atas liabilitas (aset) imbalan pasti neto dan pengukuran kembali liabilitas (aset) imbalan pasti neto diakui pada laba rugi.

u. Liabilitas Pembongkaran Aset Restorasi Area

Grup mengakui liabilitas pembongkaran dan pemindahan aset, dan restorasi area atas fasilitas produksi minyak dan gas bumi, sumur, pipa dan aset-aset yang terkait sesuai dengan persyaratan dalam kontrak bagi hasil atau sesuai dengan peraturan yang berlaku.

Estimasi awal biaya pembongkaran dan pemindahan aset minyak dan gas bumi dan restorasi area diakui sebagai komponen biaya perolehan aset, yang kemudian disusutkan/ dideplesikan dengan menggunakan metode satuan unit produksi yang sejalan dengan tarif deplesi aset yang dipilih.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Pension and Other Employment Benefits (continued)

Defined benefit program (continued)

A curtailment occurs when the Group either significantly reduce the number of employees covered by a plan, termination or suspension of the program.

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

Defined contribution pension plan

The costs of the defined contribution plans are recognized when incurred.

Other long-term benefits

The cost of providing other long-term employee benefits is determined using the Projected Unit Credit method using simplified method of not recognizing remeasurements in other comprehensive income. The net total of service cost, net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset) is recognized in profit or loss .

u. Asset Abandonment and Site Restoration

The Group recognizes its obligations for future dismantlement and transfer of assets, and site restoration of oil and gas production facilities, wells, pipelines and related assets in accordance with the provisions in the production sharing contracts or in line with applicable regulations.

The initial estimated costs for dismantlement and site restoration of oil and gas properties are recognized as part of the acquisition costs of the assets, and are subsequently depreciated/depleted using the unit-of-production method in line with the selected assets depletion rate.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

u. Liabilitas Pembongkaran Aset Restorasi Area (lanjutan)

Dalam banyak kasus, aktivitas pembongkaran dan pemindahan aset, dan restorasi area fasilitas produksi minyak dan gas, sumur, pipa saluran dan aset terkait terjadi pada beberapa tahun di masa yang akan datang. Provisi atas liabilitas pembongkaran dan pemindahan aset, dan restorasi area di masa yang akan datang adalah berupa estimasi terbaik pada tanggal pelaporan keuangan atas nilai kini dari pengeluaran di masa yang akan datang untuk melaksanakan liabilitas pembongkaran dan pemindahan aset, dan restorasi area tersebut, sesuai dengan ketentuan hukum yang berlaku pada tanggal pelaporan.

Estimasi tersebut ditelaah setiap tahun dan disesuaikan bila diperlukan. Penyesuaian atas nilai kini dari liabilitas pembongkaran dan pemindahan aset, dan restorasi area dibukukan sebagai penyesuaian atas nilai tercatat aset yang bersangkutan dengan jumlah yang sama.

Pembalikan dari efek diskonto dalam penghitungan provisi diakui sebagai beban pendanaan.

Pengeluaran yang terkait dengan pemulihan, rehabilitasi dan lingkungan hidup yang terjadi pada tahap produksi dibebankan sebagai bagian dari biaya produksi.

v. Instrumen Keuangan

Aset Keuangan

Aset keuangan diklasifikasikan dalam empat jenis: aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, dan aset keuangan tersedia untuk dijual.

Grup menentukan klasifikasi aset keuangannya pada pengakuan awal dan, jika diperbolehkan dan sesuai, akan mengevaluasi kembali pengklasifikasian aset tersebut pada setiap akhir tanggal pelaporan keuangan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Asset Abandonment and Site Restoration (continued)

In most instances, the dismantlement and transfer of assets, and site restoration activities of oil and gas production facilities, wells, pipelines and related assets will occur several years in the future. The provision for future dismantlement and transfer of assets, and site restoration obligation is the best estimate of the present value of the future expenditures required to undertake the dismantlement and transfer of assets, and site restoration obligation at the reporting date, based on current legal requirements.

Such estimates are reviewed on an annual basis and adjusted each year as required. Adjustments to the present value of the dismantlement and transfer of assets, and site restoration obligation are recorded as adjustment to the carrying amount of the associated asset in the same amount.

The unwinding of the effect of discounting the provision is recognized as a finance cost.

The costs related to restoration, rehabilitation and living environment which occurred in the production phase are expensed as part of production cost.

v. Financial Instruments

Financial Assets

Financial assets are classified into four types: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.

The Group determines the classification of its financial assets at initial recognition and, if allowed and appropriate, re-evaluates the classification of those assets at each financial reporting date.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pengakuan awal

Aset keuangan pada awalnya diukur pada nilai wajar, dan dalam hal aset keuangan yang tidak diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

Pengukuran setelah pengakuan awal

Pengukuran aset keuangan setelah pengakuan awal tergantung pada klasifikasinya sebagai berikut:

- Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi

  Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi termasuk aset keuangan untuk diperdagangkan dan aset keuangan yang ditetapkan pada nilai wajar melalui laporan laba rugi pada saat pengakuan awal.

  Aset derivatif diklasifikasikan sebagai kelompok diperdagangkan kecuali mereka ditetapkan sebagai instrumen lindung nilai efektif.

  Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi disajikan dalam laporan posisi keuangan konsolidasian pada nilai wajar dengan keuntungan atau kerugian dari perubahan nilai wajar diakui dalam laporan laba rugi.

  Investasi jangka pendek diklasifikasikan dalam kategori ini.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Initial recognition

Financial assets are recognized initially at fair value of the consideration given plus, in the case of financial assets not classified at fair value through profit or loss, directly attributable transaction cost.

Subsequent measurement

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

- *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 as assets at fair value through profit or loss upon initial recognition.

  Derivative assets are classified as held for trading unless they are designated as effective hedging instruments.

  Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with gains or losses from changes in fair value recognized in profit or loss.

  Short-term investments is classified under this category.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pengukuran setelah pengakuan awal (lanjutan)

- Pinjaman yang diberikan dan piutang

  Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif, tidak termasuk dalam kelompok aset diperdagangkan dan tidak diklasifikasikan sebagai "diukur pada nilai wajar melalui laporan laba rugi", "tersedia untuk dijual", atau sebagai "investasi dimiliki hingga jatuh tempo".

  Setelah pengakuan awal, aset keuangan tersebut dicatat pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif, dan keuntungan atau kerugian terkait diakui dalam laporan laba rugi pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, atau melalui proses amortisasi.

  Grup memiliki kas dan setara kas, deposito dan rekening bank yang dibatasi penggunaannya, piutang usaha, piutang lain-lain dan aset keuangan konsesi dalam kategori ini.

- Aset keuangan tersedia untuk dijual (*Available-for-sale* (AFS))

  Aset keuangan AFS adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan dalam tiga kategori sebelumnya. Setelah pengukuran awal, aset keuangan AFS diukur dengan nilai wajar dengan keuntungan atau kerugian yang belum terealisasi diakui dalam ekuitas di laporan posisi keuangan konsolidasian. Pada saat aset tersebut dihentikan pengakuannya, keuntungan atau kerugian kumulatif yang sebelumnya dicatat dalam ekuitas harus diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Subsequent measurement (continued)

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as assets for trading, and have not been designated "at fair value through profit or loss", as "available-for-sale" or as "held-to-maturity" investments.

  After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, and gains or losses are recognized in profit or loss when the loan and receivable is derecognized or impaired, as well as through the amortization process.

  The Group has cash and cash equivalents, restricted time deposits and cash in banks, trade and other receivables and concession financial assets under this category.

- *Available-for-sale (AFS) financial assets*

  AFS financial assets are non-derivative assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the shareholders' equity in the consolidated statements of financial position. When the asset is derecognized, the cumulative gain or loss previously recorded in the shareholders' equity shall be recognized in consolidated statements of profit or loss and other comprehensive income.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pengukuran setelah pengakuan awal (lanjutan)

- Aset keuangan tersedia untuk dijual (*Available-for-sale* (AFS)) (lanjutan)

  Investasi yang diklasifikasi sebagai aset keuangan tersedia untuk dijual yang tidak tersedia nilai wajarnya dengan kepemilikan kurang dari 20% dan investasi jangka panjang lainnya dicatat pada biaya perolehannya.

Penghentian pengakuan aset keuangan

Penghentian pengakuan atas suatu aset keuangan, atau bila dapat diterapkan, untuk bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa, terjadi bila:

i. Hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau

ii. Grup tetap memiliki hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan tersebut namun menanggung kewajiban untuk membayar arus kas yang diterima tersebut tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan; atau

iii. Grup mengalihkan hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan tersebut dan: (a) secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (b) secara substansial tidak mengalihkan dan tidak memiliki seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah mengalihkan pengendalian atas aset keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Subsequent measurement (continued)

- *Available-for-sale (AFS) financial assets (continued)*

  The investments classified as AFS that do not have readily determinable fair value in which the equity interest is less than 20% and other long-term investments which are carried at cost.

Derecognition of financial assets

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 such financial asset have expired; or

ii. The Group retains the right to receive cash flows from such financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

iii. The Group has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penurunan nilai dari aset keuangan

Pada setiap tanggal laporan posisi keuangan, Grup mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Penurunan nilai atas aset keuangan atau kelompok aset keuangan dianggap telah terjadi, jika dan hanya jika, terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari salah satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut ("peristiwa yang merugikan") dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

- Pinjaman yang diberikan dan piutang

  Untuk pinjaman yang diberikan dan piutang yang dicatat pada biaya perolehan diamortisasi, Grup terlebih dahulu menentukan bahwa terdapat bukti obyektif mengenai penurunan nilai secara individual atas aset keuangan yang signifikan secara individual atau secara kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Grup menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka aset tersebut dimasukkan ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang sejenis dan dinilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "incurred loss event") and that loss event has an impact on the estimated future cash flows from the financial asset or the group of financial assets that can be reliably estimated.

- *Loans and receivables*

  For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recongized or continues to be recognized, are not included in a collective assessment of impairment.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penurunan nilai dari aset keuangan (lanjutan)

- Pinjaman yang diberikan dan piutang (lanjutan)

  Jika terdapat bukti obyektif bahwa kerugian penurunan nilai telah terjadi, jumlah kerugian tersebut diukur sebagai selisih antara nilai tercatat aset dengan nilai kini estimasi arus kas masa datang (tidak termasuk kerugian kredit di masa mendatang yang belum terjadi). Nilai kini estimasi arus kas masa datang didiskonto dengan menggunakan suku bunga efektif awal dari aset keuangan tersebut. Jika suatu aset keuangan yang dikelompokkan sebagai "pinjaman yang diberikan dan piutang" memiliki suku bunga variabel, maka tingkat diskonto yang digunakan untuk mengukur setiap kerugian penurunan nilai adalah suku bunga efektif yang berlaku.

  Nilai tercatat atas aset keuangan dikurangi melalui penggunaan cadangan penurunan nilai dan jumlah kerugian yang terjadi diakui dalam laporan laba rugi. Pendapatan bunga selanjutnya diakui sebesar nilai tercatat yang diturunkan nilainya berdasarkan tingkat suku bunga efektif awal dari aset keuangan. Pinjaman yang diberikan dan piutang beserta dengan cadangan terkait dihapuskan jika tidak terdapat kemungkinan yang realistis atas pemulihan di masa mendatang dan seluruh agunan telah terealisasi atau dialihkan kepada Grup. Jika pada tahun berikutnya, nilai estimasi kerugian penurunan nilai aset keuangan bertambah atau berkurang karena peristiwa yang terjadi setelah penurunan nilai diakui, maka kerugian penurunan nilai yang diakui sebelumnya ditambah atau dikurangi dengan menyesuaikan cadangan penurunan nilai. Jika terdapat penghapusan yang dapat dipulihkan di masa mendatang, jumlah pemulihan tersebut diakui pada laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Impairment of financial assets (continued)

- *Loans and receivables (continued)*

  If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

  The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penurunan nilai dari aset keuangan (lanjutan)

- Aset keuangan yang tersedia untuk dijual

  Dalam hal investasi ekuitas diklasifikasikan sebagai aset keuangan yang tersedia untuk dijual, bukti obyektif akan termasuk penurunan nilai wajar yang signifikan atau berkepanjangan di bawah nilai perolehan investasi tersebut.

  Ketika terdapat bukti penurunan nilai, kerugian kumulatif - yang diukur sebagai selisih antara biaya perolehan dan nilai wajar kini, dikurangi kerugian penurunan nilai investasi yang sebelumnya diakui pada laporan laba rugi - direklasifikasi dari ekuitas ke dalam laporan laba rugi. Kerugian penurunan nilai atas investasi ekuitas tidak dibalik/dipulihkan melalui laporan laba rugi; namun kenaikan nilai wajar setelah penurunan nilai tersebut diakui dalam ekuitas.

  Dalam hal instrumen utang diklasifikasikan sebagai aset keuangan yang tersedia untuk dijual, indikasi penurunan nilai dievaluasi berdasarkan kriteria yang sama dengan aset keuangan yang dicatat sebesar biaya perolehan diamortisasi. Penghasilan bunga di masa mendatang didasarkan pada penurunan nilai tercatat dan diakui berdasarkan suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Penghasilan bunga yang masih harus dibayar tersebut dicatat sebagai bagian dari akun "Pendapatan Bunga" dalam laporan laba rugi. Jika pada tahun berikutnya, nilai wajar atas instrumen utang meningkat dan peningkatan tersebut secara obyektif dapat dikaitkan dengan peristiwa yang timbul setelah pengakuan kerugian penurunan nilai melalui laporan laba rugi, kerugian penurunan nilai tersebut harus dipulihkan melalui laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Assets (continued)

Impairment of financial assets (continued)

- *AFS financial assets*

  In the case of equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

  Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is reclassified from shareholders' equity to profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in shareholders' equity.

  In the case of a debt instrument classified as an AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Interest Income" account in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Liabilitas Keuangan

Pengakuan awal

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi dan liabilitas keuangan lain yang tidak dimiliki untuk diperdagangkan atau tidak ditetapkan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

Grup menentukan klasifikasi liabilitas keuangan pada saat pengakuan awal. Liabilitas keuangan pada awalnya diukur pada nilai wajar dari jumlah yang diterima dan, dalam hal pinjaman dan utang, dikurangi dengan biaya transaksi yang dapat diatribusikan secara langsung.

Liabilitas keuangan Grup meliputi utang usaha dan lain-lain, biaya akrual, pinjaman bank jangka pendek, pinjaman jangka panjang dan liabilitas derivatif.

Pengukuran setelah pengakuan awal

Pengukuran liabilitas keuangan tergantung pada klasifikasi.

Liabilitas keuangan yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi dikategorikan dan diukur dengan biaya perolehan diamortisasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

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 the fair value of the consideration received and, in the case of loans and borrowings, less directly attributable transaction cost.

The Group's financial liabilities consist of trade and other payables, accrued expenses, short-term bank loans, long-term debts and derivative liabilities.

Subsequent measurement

The measurement of financial liabilities depends on the classification.

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortized cost.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Liabilitas Keuangan (lanjutan)

Pengukuran setelah pengakuan awal (lanjutan)

Setelah pengakuan awal, pinjaman dan utang yang dikenakan bunga selanjutnya diukur pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif. Pada tanggal pelaporan keuangan, biaya bunga yang masih harus dibayar dicatat secara terpisah dari nilai pokok pinjaman terkait dalam bagian liabilitas lancar. Keuntungan dan kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian ketika liabilitas dihentikan pengakuannya serta melalui proses amortisasi menggunakan metode suku bunga efektif.

Utang usaha dan lain-lain, biaya akrual, pinjaman bank jangka pendek dan pinjaman jangka panjang diklasifikasikan dalam kategori pinjaman dan utang.

Penghentian pengakuan

Liabilitas keuangan dihentikan pengakuannya pada saat liabilitas tersebut dibayar atau dibatalkan atau kadaluwarsa. Ketika sebuah liabilitas keuangan yang masih ada ditukar dengan liabilitas keuangan lain dari pemberi pinjaman yang sama atas persyaratan yang secara substansial berbeda, atau bila persyaratan dari liabilitas keuangan tersebut secara substansial dimodifikasi, pertukaran atau modifikasi persyaratan tersebut dicatat sebagai penghentian pengakuan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat masing-masing liabilitas keuangan tersebut diakui dalam laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Financial Liabilities (continued)

Subsequent measurement (continued)

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

Trade and other payables, accrued expenses, short-term bank loans and long term debts are classified under loans and borrowings.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

v. Instrumen Keuangan (lanjutan)

Saling hapus dari instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai netonya dilaporkan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara bersamaan.

Penyesuaian risiko kredit

Grup menyesuaikan harga di pasar yang dapat diobservasi untuk mencerminkan adanya perbedaan risiko kredit para pihak yang bertransaksi antara instrumen yang diperdagangkan di pasar tersebut dengan instrumen yang dinilai untuk posisi aset keuangan. Dalam penentuan nilai wajar posisi liabilitas keuangan, risiko kredit Grup terkait dengan instrumen keuangan tersebut ikut diperhitungkan.

w. Instrumen Keuangan Derivatif dan Akuntansi Lindung Nilai

Grup menggunakan instrumen keuangan seperti *swap* tingkat suku bunga antar mata uang, kontrak *forward* mata uang asing dan *swap* antar mata uang untuk melakukan lindung nilai atas risiko mata uang asing dan risiko tingkat suku bunganya. Instrumen keuangan tersebut pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif dimulai dan selanjutnya diukur kembali pada nilai wajar. Derivatif dicatat sebagai aset keuangan saat nilai wajarnya positif dan sebagai liabilitas keuangan saat nilai wajarnya negatif.

Grup menerapkan akuntansi lindung nilai atas transaksi lindung nilai yang memenuhi kriteria akuntansi lindung nilai.

Untuk tujuan akuntansi lindung nilai, lindung nilai diklasifikasikan sebagai lindung nilai atas nilai wajar, lindung nilai atas arus kas dan lindung nilai atas investasi neto dalam kegiatan usaha luar negeri.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Financial Instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to set off the recognized amounts and there is an intention either to settle on a net basis, or to realize the assets and the liabilities simultaneously.

Credit risk adjustment

The Group adjusts the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Group's own credit risk associated with the instrument is taken into account.

w. Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments such as cross currency interest rate swaps, foreign currency forward contracts and cross-currency swaps to hedge its foreign currency risks and interest rate 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 Group applies hedge accounting to hedging transactions that meet the criteria for hedge accounting.

For the purpose of hedge accounting, hedges are classified as fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

w. Instrumen Keuangan Derivatif dan Akuntansi Lindung Nilai (lanjutan)

Lindung nilai arus kas

Lindung nilai arus kas digunakan untuk lindung nilai terhadap eksposur variabilitas arus kas yang dapat diatribusikan pada risiko mata uang asing atau risiko tingkat suku bunga yang terkait dengan suatu aset atau liabilitas yang diakui.

Bagian efektif atas laba atau rugi instrumen lindung nilai atas arus kas diakui langsung pada pendapatan komprehensif lain, sementara bagian yang tidak efektif diakui segera dalam laporan laba rugi.

Grup mempunyai kontrak *swap* antar mata uang yang digunakan sebagai lindung nilai atas eksposur perubahan dalam arus kas sehubungan dengan perubahan nilai tukar mata uang asing. Grup juga mempunyai kontrak *collar* komoditas dan kontrak opsi komoditas yang digunakan sebagai lindung nilai atas eksposur perubahan harga komoditas. Kontrak *swap* dan komoditas tersebut dicatat dengan menggunakan akuntansi lindung nilai.

x. Pengakuan Pendapatan dan Beban

Pendapatan dari penjualan minyak dan gas bumi

Pendapatan dari penjualan minyak mentah dan gas diakui pada saat pengiriman ke pelanggan. Apabila volume dari minyak yang di-*lifting* kurang/lebih dari hak Grup, maka piutang dari/utang ke Pemerintah harus diakui.

Pendapatan dari usaha kelistrikan

Pendapatan dari penyerahan tenaga listrik kepada pelanggan sejauh komponen investasi dari transaksi pendapatan diperhitungkan sebagai transaksi sewa pembiayaan dimana Grup adalah *lessor*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Derivative Financial Instruments and Hedge Accounting (continued)

Cash flow hedge

Cash flow hedge is used to hedge the exposure to variability in cash flows that is attributable to foreign currency risk or interest rate risk associated with a recognized asset or liability.

The effective portion of the gain or loss on the cash flow hedging instrument is recognized directly in other comprehensive income, while any ineffective portion is recognized immediately in profit or loss.

The Group entered into cross-currency swap 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. The Group also entered into commodity collar and commodity options contract that are used as a hedge for the exposure to changes in commodity price. Such swap and commodity contracts are accounted for under hedge accounting.

x. Revenue and Expense Recognition

Revenue from sales of oil and gas

Revenue from sales of crude oil and gas is recognized upon delivery to the customer. For lifting imbalances with the Government, wherein the volume of oil lifted is less/greater than the Group entitlement, a receivable or payable is accrued.

Revenue from power business

Revenue from delivery of electric power to the customer to the extent of the investment component of the revenue transaction is accounted for as finance lease transaction whereby the Group are the lessors.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

x. Pengakuan Pendapatan dan Beban (lanjutan)

Pendapatan dari usaha kelistrikan (lanjutan)

Pendapatan yang berkaitan dengan komponen lain dari harga tenaga listrik yang dikirimkan (biaya gas, perawatan dan overhead) diakui sebagai pendapatan penjualan pada saat penyerahan tenaga listrik ke pelanggan. Pendapatan dari operasi dan pemeliharaan, dan jasa lainnya diakui pada saat jasa diberikan.

Pendapatan dari usaha lainnya

Pendapatan dan biaya dari kegiatan kontrak jangka panjang diakui berdasarkan tahap penyelesaian yang ditentukan berdasarkan proporsi biaya kontrak yang terjadi untuk pekerjaan yang dilakukan sampai saat ini dibandingkan dengan perkiraan jumlah biaya kontrak.

Penghasilan/pendapatan lain-lain diakui pada saat diperoleh.

Beban

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

y. Perpajakan

Beban pajak penghasilan terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laporan laba rugi, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di pendapatan komprehensif lain atau langsung diakui ke ekuitas. Dalam hal ini, pajak tersebut masing-masing diakui dalam pendapatan komprehensif lain atau ekuitas.

Pajak kini

Beban pajak kini ditentukan berdasarkan laba kena pajak dalam tahun yang bersangkutan. Tarif pajak yang digunakan untuk menghitung jumlah tersebut adalah yang telah berlaku atau secara substantif telah berlaku pada tanggal pelaporan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Revenue and Expense Recognition (continued)

Revenue from power business (continued)

Revenue related to the other components of the price of electric power delivered (cost of gas, maintenance and overhead) is recognized as sales revenue upon delivery of electric power to customer. Revenue from operations and maintenance, and other services is recognized when services are rendered.

Revenue from others

Revenue and costs from long-term contracting activities are recognized based on the stage of completion which is determined based on the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

Other income/revenues are recognized when earned.

Expenses

Expenses are recognized as incurred on an accrual basis.

y. Taxation

The income tax expense comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

Current tax expense is determined based on the taxable income for the year. Tax rates used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

y. Perpajakan (lanjutan)

Pajak kini (lanjutan)

Aset dan liabilitas pajak kini untuk tahun berjalan dan tahun sebelumnya diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan.

Koreksi terhadap liabilitas perpajakan dicatat saat surat ketetapan pajak diterima dan apabila dilakukan banding, ketika hasil banding sudah diputuskan. Kekurangan/ kelebihan pembayaran pajak penghasilan dicatat sebagai bagian dari “Beban Pajak Kini” dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Pajak tangguhan

Pajak tangguhan diakui dengan menggunakan metode liabilitas atas perbedaan temporer antara perhitungan akuntansi dan basis perhitungan pajak atas aset dan kewajiban pada tanggal pelaporan.

Aset dan liabilitas pajak tangguhan diakui atas perbedaan temporer antara jumlah tercatat aset dan liabilitas pada laporan posisi keuangan dengan dasar pengenaan pajaknya pada setiap tanggal pelaporan. Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan dan akumulasi rugi pajak yang belum dikompensasikan, bila kemungkinan besar laba kena pajak akan tersedia sehingga perbedaan temporer dapat dikurangkan dan rugi pajak belum dikompensasikan tersebut dapat dimanfaatkan.

Liabilitas pajak tangguhan dan aset pajak tangguhan (jika memenuhi kriteria) diakui atas perbedaan temporer kena pajak terkait dengan investasi pada entitas anak dan asosiasi, kecuali yang waktu pembalikannya dapat dikendalikan dan kemungkinan besar perbedaan temporer tersebut tidak akan dibalik di masa depan yang dapat diperkirakan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Taxation (continued)

Current tax (continued)

Current tax assets and liabilities for the current and prior years are measured at the amounts expected to be recovered from or paid to the tax authorities.

Amendments to taxation obligations are recorded when an assessment is received and if appealed, when the result of the appeal is determined. The underpayment/overpayment of income tax are recorded as part of "Current Tax" in the consolidated statements of profit or loss and other comprehensive income.

Deferred tax

Deferred tax is recognized using the liability method on temporary differences between the financial and the tax bases of assets and liabilities at the financial reporting date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of assets and liabilities with their tax bases at the financial reporting date. Deferred tax assets are recognized for all deductible temporary differences and accumulated tax losses that have not been utilized, if taxable income is likely to be available so that the temporary differences can be deducted and the unutilized tax losses can be utilized.

Deferred tax liabilities and deferred tax assets (if they meet the criteria) are recognized for temporary differences associated with investments in subsidiaries and associates, unless the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

y. Perpajakan (lanjutan)

Pajak tangguhan (lanjutan)

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap tanggal pelaporan dan nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan. Aset pajak tangguhan yang belum diakui sebelumnya ditelaah pada setiap tanggal pelaporan dan diakui sepanjang laba kena pajak yang akan datang kemungkinan besar akan tersedia untuk dipulihkan.

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan dipakai pada tahun saat aset terealisasi dan liabilitas diselesaikan berdasarkan tarif pajak dan peraturan perpajakan yang berlaku atau yang secara substantif berlaku pada tanggal laporan posisi keuangan konsolidasian.

Aset pajak tangguhan dan liabilitas pajak tangguhan saling hapus jika terdapat hak secara hukum untuk melakukan saling hapus atas aset pajak tangguhan terhadap liabilitas pajak tangguhan atau aset dan liabilitas pajak tangguhan pada entitas yang sama.

Entitas anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di Indonesia dikenai tarif pajak penghasilan sebesar antara 36% sampai 48%.

Entitas anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di luar Indonesia dikenai berbagai tarif pajak penghasilan badan, paling tinggi sebesar 50%.

Entitas anak yang beroperasi dalam bidang selain minyak dan gas bumi di Indonesia dikenakan tarif pajak sebesar 25%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to enable some or all of the benefits of the deferred tax assets to be realized. Deferred tax assets that have not been recognized previously are reviewed at each reporting date and recognized to the extent that it has become probable that sufficient taxable income will be available to enable the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured based on tax rates that are expected to apply to the year when the assets are realized and liabilities are settled based on the tax rates and tax laws that have been enacted or substantively enacted at the consolidated statements of financial position date.

Deferred tax assets and deferred tax liabilities are offset if there is a legal right to off-set deferred tax assets against deferred tax liabilities and the deferred tax assets and liabilities pertain to the same entity.

Subsidiaries involved in oil and gas exploration and production in Indonesia are subject to income tax at rates ranging from 36% to 48%.

Subsidiaries involved in oil and gas exploration and production outside Indonesia are subject to various corporate income tax rates, up to a maximum rate of 50%.

Subsidiaries involved in non-oil and gas activities in Indonesia are subject to corporate income tax at 25%.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

z. Penurunan Nilai Aset Non-Keuangan

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut, atau pada saat pengujian tahunan penurunan nilai aset (yaitu *goodwill* yang diperoleh dalam suatu kombinasi bisnis) diperlukan, maka Grup membuat estimasi jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau unit penghasil kas ("UPK") dikurangi biaya untuk menjual dan nilai pakainya, dan ditentukan untuk aset individual kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset lain atau kelompok aset lain. Jika nilai tercatat aset lebih besar daripada nilai terpulihkannya, maka aset tersebut mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar nilai terpulihkannya. Rugi penurunan nilai dari operasi yang dilanjutkan diakui pada laporan laba rugi sebagai "kerugian atas penurunan nilai aset".

Pemulihan rugi penurunan nilai untuk aset non-keuangan selain *goodwill*, diakui jika, dan hanya jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak pengujian penurunan nilai terakhir kali. Pembalikan tersebut dibatasi sehingga jumlah tercatat aset tidak melebihi jumlah terpulihkannya maupun jumlah tercatat, setelah dikurangi penyusutan, seandainya tidak ada rugi penurunan nilai yang telah diakui untuk aset tersebut pada tahun sebelumnya. Pembalikan rugi penurunan nilai diakui segera dalam laba rugi. Setelah pembalikan tersebut, penyusutan aset tersebut disesuaikan di periode mendatang untuk mengalokasikan jumlah tercatat aset yang direvisi, dikurangi nilai sisanya, dengan dasar yang sistematis selama sisa umur manfaatnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Impairment of Non-Financial Assets

At end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e., goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or cash generating unit ("CGU")'s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment losses of continuing operations are recognized in profit or loss as "impairment losses".

Reversal on impairment loss for non-financial assets other than goodwill would be recognized if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment test was carried out. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized immediately in profit or loss. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

z. Penurunan Nilai Aset Non-Keuangan (lanjutan)

Goodwill diuji untuk penurunan nilai setiap tahun (pada tanggal 31 Desember) dan ketika keadaan yang mengindikasikan bahwa nilai tercatat mungkin mengalami penurunan nilai. Penurunan nilai bagi *goodwill* ditetapkan dengan menentukan jumlah terpulihkan dari setiap UPK (atau kelompok UPK) dimana *goodwill* terkait. Jika jumlah terpulihkan dari UPK kurang dari jumlah tercatatnya, rugi penurunan nilai diakui.

Kerugian penurunan nilai yang berhubungan dengan *goodwill* tidak dapat dibalik pada periode yang akan datang.

aa. Pengaturan Bersama

Pengaturan bersama adalah pengaturan yang dua atau lebih pihak memiliki pengendalian bersama. Pengendalian bersama adalah persetujuan kontraktual untuk berbagi pengendalian atas suatu pengaturan, yang ada hanya ketika keputusan mengenai aktivitas relevan mensyaratkan persetujuan dengan suara bulat dari seluruh pihak yang berbagi pengendalian.

Operasi Bersama

Operasi bersama adalah salah satu jenis pengaturan bersama dimana para pihak yang memiliki pengendalian bersama atas pengaturan tersebut memiliki hak atas aset dan kewajiban atas liabilitas, terkait dengan pengaturan tersebut.

Grup memiliki kepemilikan dalam operasi bersama dimana Grup termasuk salah satu pihak yang memiliki pengendalian bersama (operator bersama).

Ketika entitas mengakuisisi kepentingan dalam operasi bersama yang aktivitas operasi bersamanya merupakan bisnis, kombinasi bisnis entitas tersebut, menerapkan seluruh prinsip akuntansi kombinasi bisnis. Hal ini diterapkan untuk akuisisi kepentingan awal dan kepentingan tambahan dalam operasi bersama yang aktivitas operasi bersamanya merupakan bisnis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Impairment of Non-Financial Assets (continued)

Goodwill is tested for impairment annually (on December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Impairment losses relating to goodwill cannot be reversed in future periods.

aa. Joint Arrangement

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint Operation

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group has interests in several joint operation whereby the Group includes as a party which have joint control of a joint operation (joint operator).

When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it shall apply, all of the principles on business combinations accounting. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aa. Pengaturan Bersama (lanjutan)

Operasi Bersama (lanjutan)

Sehubungan dengan kepemilikannya dalam operasi bersama, Grup mengakui:

- Aset, mencakup bagiannya atas setiap aset yang dimiliki bersama;
- Liabilitas, mencakup bagiannya atas liabilitas yang terjadi bersama;
- Pendapatan dari penjualan bagiannya atas output yang dihasilkan dari operasi bersama;
- Bagiannya atas pendapatan dari penjualan output oleh operasi bersama; dan
- Beban, mencakup bagiannya atas setiap beban yang terjadi secara bersama-sama.

Ketika Grup melakukan transaksi dengan operasi bersama, di mana Grup merupakan salah satu operator bersama, maka Grup mengakui keuntungan dan kerugian yang dihasilkan dari transaksi tersebut hanya sebatas kepentingan para pihak lain dalam operasi bersama tersebut.

Ketika Grup kehilangan pengendalian bersama, Grup mengakui dan mencatat investasi yang tersisa pada nilai wajar. Perbedaan antara nilai tercatat dari entitas pengendalian bersama dahulu saat kehilangan pengendalian bersama dan nilai wajar investasi yang tersisa dan pendapatan dari pelepasan dicatat dalam laba atau rugi. Ketika investasi tersisa menunjukkan pengaruh yang signifikan, maka investasi akan dicatat sebagai investasi pada entitas asosiasi.

Ventura Bersama

Ventura bersama adalah pengaturan bersama yang mengatur bahwa para pihak yang memiliki pengendalian bersama atas pengaturan memiliki hak atas aset neto pengaturan tersebut. Investasi pada ventura bersama dicatat menggunakan metode ekuitas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Joint Arrangement (continued)

Joint Operation (continued)

In relation to its interests in joint operations, the Group recognizes its:

- *Assets, including its share of any assets held jointly;*
- *Liabilities, including its share of any liabilities incurred jointly;*
- *Revenue from the sale of its share of the output arising from the joint operation;*
- *Share of the revenue from the sale of the output by the joint operation; and*
- *Expenses, including its share of any expenses incurred jointly.*

When the Group enters into a transaction with a joint operation in which it is a joint operator, the Group shall recognize gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and gain from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associates.

Joint Venture

Joint ventures are a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in joint ventures are accounted for using the equity method.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

bb. Informasi Segmen

Segmen adalah komponen Grup yang dapat dibedakan dalam menghasilkan produk tertentu (segmen bisnis), atau dalam menghasilkan produk dalam sebuah lingkungan ekonomi khusus (segmen geografis), yang merupakan subyek yang mempunyai risiko dan manfaat yang berbeda dari segmen lainnya.

Segmen pendapatan, beban, hasil, aset dan liabilitas termasuk hal-hal yang dapat diatribusikan secara langsung terhadap sebuah segmen dan juga yang dapat dialokasikan pada dasar yang wajar pada segmen tersebut. Segmen tersebut ditentukan sebelum saldo intragrup dan transaksi intragrup dieliminasi.

Untuk tujuan manajemen, Grup dibagi menjadi segmen operasi berdasarkan produk dan jasa yang dikelola secara independen oleh masing-masing pengelola segmen yang bertanggung jawab atas kinerja dari masing-masing segmen. Para pengelola segmen melaporkan secara langsung kepada manajemen Perusahaan yang secara teratur mengkaji laba segmen sebagai dasar untuk mengalokasikan sumber daya ke masing-masing segmen dan untuk menilai kinerja segmen. Pengungkapan tambahan pada masing-masing segmen terdapat dalam Catatan 42, termasuk faktor yang digunakan untuk mengidentifikasi segmen yang dilaporkan dan dasar pengukuran informasi segmen.

cc. Provisi

Provisi diakui ketika Grup memiliki kewajiban kini (bersifat hukum dan/atau konstruktif) yang diakibatkan oleh peristiwa di masa lalu, dan besar kemungkinannya arus keluar sumber daya yang mengandung manfaat ekonomis akan diperlukan untuk menyelesaikan kewajiban dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

bb. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets, and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated.

For management purposes, the Group is organized into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

cc. Provisions

Provisions are recognized when the Group has a present obligation, (legal and/or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

dd. Laba per Saham

Laba per saham dasar dihitung dengan membagi laba periode/tahun berjalan yang dapat diatribusikan kepada pemilik modal biasa atas entitas induk dengan jumlah rata-rata tertimbang saham biasa yang beredar pada periode/tahun yang bersangkutan.

Laba bersih per saham dilusian dihitung dengan membagi laba periode/tahun berjalan yang dapat diatribusikan kepada pemilik modal biasa atas entitas induk dengan jumlah rata-rata tertimbang saham biasa yang beredar pada periode/tahun berjalan ditambah dengan rata-rata tertimbang saham biasa yang akan diterbitkan konversi semua instrumen berpotensi saham biasa yang bersifat dilutif dengan menjadi saham biasa.

ee. Biaya Pinjaman

Biaya pinjaman yang dapat diatribusikan langsung dengan perolehan, pembangunan atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Biaya pinjaman lainnya diakui sebagai beban pada saat terjadi. Biaya pinjaman terdiri dari biaya bunga dan biaya lain yang ditanggung oleh Grup sehubungan dengan peminjaman dana.

ff. Aset Tidak Lancar yang Diklasifikasikan Sebagai Dimiliki untuk Dijual dan Operasi yang Dihentikan

Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual

Aset tidak lancar diklasifikasikan sebagai dimiliki untuk dijual jika nilai tercatatnya akan dipulihkan terutama melalui transaksi penjualan daripada melalui pemakaian berlanjut.

Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual diukur pada nilai yang lebih rendah antara nilai tercatat dan nilai wajar setelah dikurangi biaya untuk menjual.

Aset tetap dan aset tak berwujud tidak didepresiasi atau diamortisasi setelah diklasifikasikan sebagai dimiliki untuk dijual.

Aset dan liabilitas diklasifikasikan sebagai tersedia untuk dijual disajikan terpisah sebagai bagian lancar pada laporan posisi keuangan konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

dd. Earnings per Share

Basic earnings per share is calculated by dividing the profit for the period/year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period/year.

Diluted earnings per share is calculated by dividing the profit for the period/year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period/year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

ee. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset are capitalized as part of the cost of the related assets. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

ff. Non-current Assets Classified as Held for Sale and Discontinued Operations

Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ff. Aset Tidak Lancar yang Diklasifikasikan Sebagai Dimiliki untuk Dijual dan Operasi yang Dihentikan (lanjutan)

Operasi yang dihentikan

Operasi yang dihentikan adalah komponen entitas yang telah dilepaskan atau diklasifikasikan sebagai dimiliki untuk dijual, dan

- Mewakili lini usaha atau area geografis operasi utama yang terpisah; dan
- Bagian dari rencana tunggal terkoordinasi untuk melepaskan lini usaha atau area geografis operasi utama yang terpisah, atau
- Entitas anak yang diperoleh secara khusus dengan tujuan dijual kembali.

Operasi yang dihentikan disajikan terpisah dari hasil usaha operasi yang dilanjutkan dan disajikan sebagai suatu jumlah tunggal laba atau rugi setelah pajak dari operasi yang dihentikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Informasi komparatif periode sebelumnya diklasifikasikan kembali untuk menyelesaikan dengan penyajian tersebut.

Jika kriteria dimiliki untuk dijual tidak lagi dipenuhi, aset tersebut diklasifikasikan kembali pada klasifikasi sebelum aset tersebut dikategorikan sebagai tersedia dijual dan diukur pada yang lebih rendah antara (a) jumlah tercatat aset tersebut (atau kelompok lepasan) diklasifikasikan sebelum dimiliki untuk dijual, disesuaikan dengan penyusutan dan amortisasi yang seharusnya diakui apabila aset tersebut (kelompok lepasan) tidak diklasifikasikan sebagai dimiliki untuk dijual, dan (b) jumlah terpulihkan pada saat tanggal keputusan tidak menjual. Hasil usaha yang sebelumnya disajikan pada operasi yang dihentikan diklasifikasikan kembali dan termasuk dalam penghasilan dari operasi yang dilanjutkan untuk semua periode sajian.

Pengungkapan tambahan disajikan pada Catatan 38. Catatan laporan keuangan lainnya terutama termasuk jumlah untuk operasi yang dilanjutkan, kecuali disebutkan lain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ff. Non-current Assets Classified as Held for Sale and Discontinued Operation (continued)

Discontinued Operations

A discontinued operations is a component of a company that either has been disposed of, or is classified as held for sale, and

- *Represents a separate major line of business or major geographical area of operations; and*
- *Is part of a single co-ordinated plan to dispose of a separate major line of business or major geographical area of operations, or*
- *Is a subsidiary acquired exclusively with a view to re-sell.*

Discontinued operations are excluded from the results of continuing operations and presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of profit or loss and other comprehensive income. The comparative prior period information are re-presented to align with such presentation.

If held for sale criteria are no longer met, such assets are re-presented to the classification prior to held for sale classification and measured at the lower of (a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization that would have been recognized had the asset (or disposal group) not been classified as held for sale, and (b) its recoverable amount at the date of the subsequent decision not to sell. The results of operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all periods presented.

Additional disclosures are provided in Note 38. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

gg. Peristiwa Setelah Tanggal Periode Pelaporan

Peristiwa setelah akhir tahun yang memberikan informasi tambahan tentang posisi Grup pada akhir periode pelaporan (peristiwa penyesuaian) dicerminkan dalam laporan keuangan konsolidasian. Peristiwa setelah akhir tahun yang tidak disesuaikan diungkapkan dalam catatan atas laporan keuangan konsolidasian jika material.

hh. Amandemen dan Penyesuaian Standar Akuntansi yang berlaku efektif 1 Januari 2018

Penerapan amandemen dan penyesuaian standar berikut yang berlaku efektif 1 Januari 2018 tidak menimbulkan perubahan substansial terhadap kebijakan akuntansi Grup dan tidak memiliki dampak yang material atas jumlah yang dilaporkan untuk periode berjalan atau periode keuangan sebelumnya:

- Amandemen PSAK No. 2: "Laporan Arus Kas tentang Prakarsa Pengungkapan". Amendemen ini, mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna laporan keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan non-kas. Grup telah menyajikan pengungkapan tambahan tersebut pada Catatan 53.
- Amandemen PSAK No. 13: "Properti Investasi tentang Pengalihan Properti Investasi".
- Penyesuaian PSAK No. 15: "Investasi pada Entitas Asosiasi dan Ventura Bersama".
- Amandemen PSAK No. 46: "Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang Belum Direalisasi".
- Amandemen PSAK No. 53: "Pembayaran Berbasis Saham".
- Penyesuaian PSAK No. 67: "Pengungkapan Kepentingan dalam Entitas Lain".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

gg. Events After Reporting Period

Post year-end events that provide additional information about the Group's position at end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

hh. Accounting Standards Amendments, and Annual Improvements which became effective January 1, 2018

The adoption of the following amendments, improvements which became effective on January 1, 2018, did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods:

- *Amendment to PSAK No. 2: "Statement of Cash Flows on the Disclosures Initiative". This amendment requires entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and noncash changes. The Group presents additional disclosure in Note 53.*
- *Amendment to PSAK No. 13: "Investment Property on the Transfer of Investment Property".*
- *Improvement to PSAK No. 15: "Investment in Associates and Joint Ventures".*
- *Amendment to PSAK No. 46: "Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses".*
- *Amendment to PSAK No. 53: "Share-based Payments".*
- *Improvement to PSAK No. 67: "Disclosure of Interest in Other Entities".*

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ii. Standar Akuntansi yang Telah Disahkan Namun Belum Berlaku Efektif

Amandemen standar akuntansi yang telah disahkan oleh Dewan Standar Akuntansi Keuangan (DSAK), tetapi belum berlaku efektif untuk laporan keuangan periode berjalan diungkapkan di bawah ini. Grup bermaksud untuk menerapkan standar tersebut, jika dipandang relevan, saat telah menjadi efektif.

Efektif berlaku pada atau setelah tanggal 1 Januari 2019:

- Amendemen PSAK No. 24: "Imbalan Kerja". Penerapan dini diperkenankan.

  Amandemen PSAK ini mengatur tentang amendemen, kurtailmen atau penyelesaian program yang memberikan panduan yang lebih jelas bagi entitas dalam mengakui biaya jasa lalu, keuntungan dan kerugian penyelesaian, biaya jasa kini dan bunga neto setelah adanya amendemen, kurtailmen, atau penyelesaian program karena menggunakan asumsi aktuarial terbaru (sebelumnya menggunakan asumsi akturial pada awal periode pelaporan tahunan). Selain itu, Amendemen PSAK No. 24 juga mengklarifikasi bagaimana persyaratan akuntansi untuk amendemen, kurtailmen, atau penyelesaian program dapat mempengaruhi persyaratan batas atas aset yang terlihat dari pengurangan surplus yang menyebabkan dampak batas atas aset berubah.

- ISAK No. 33: "Transaksi Valuta Asing dan Imbalan di Muka". Penerapan dini diperkenankan.

  ISAK ini mengklarifikasi penggunaan tanggal transaksi untuk menentukan kurs yang digunakan pada pengakuan awal aset, beban atau penghasilan terkait pada saat entitas telah menerima atau membayar imbalan di muka dalam valuta asing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Accounting Standards Issued but Not Yet Effective

The amendments to accounting standards that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current period consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective on or after January 1, 2019:

- *Amendments of PSAK No. 24: "Employee Benefits". Earlier application is permitted.*

  This amendment regulates regarding amendments, curtailment or program settlement which provides clearer guidance for entities in recognizing past service costs, settlement gains and losses, current service costs and net interest after amendments, curtailments, or completion of programs because they use the latest actuarial assumptions (previously using actuarial assumptions at the beginning of the annual reporting period). In addition, the Amendment to PSAK No. 24 also clarifies how the accounting requirements for amendments, curtailments, or program completion can affect the asset boundary requirements as seen from the reduction in surplus which causes the impact of the asset limit to change.

- *ISAK No. 33: "Foreign Currency Transaction and Advance Consideration". Earlier application is permitted.*

  This ISAK clarifies the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or paid advance consideration in the foreign currency.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ii. Standar Akuntansi yang Telah Disahkan Namun Belum Berlaku Efektif (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2019 (lanjutan):

- ISAK No. 34: "Ketidakpastian dalam Perlakuan Pajak Penghasilan". Penerapan dini diperkenankan.

  ISAK ini mengklarifikasi dan memberikan panduan terhadap ketidakpastian perlakuan pajak, yaitu bagaimana entitas mengukur berbagai nilai pajak dan bagaimana entitas mempertimbangkan perubahan sehubungan dengan fakta dan keadaan dari ketidakpastian dalam perlakuan pajak.

Efektif berlaku pada atau setelah tanggal 1 Januari 2020:

- PSAK No. 71: "Instrumen Keuangan". Penerapan dini diperkenankan.

  PSAK ini merevisi persyaratan terkait klasifikasi dan pengukuran instrumen keuangan, termasuk model kerugian kredit ekspektasian untuk menghitung penurunan nilai aset keuangan, dan persyaratan akuntansi lindung nilai secara umum yang baru.

- PSAK No. 72: "Pendapatan dari Kontrak dengan Pelanggan". Penerapan dini diperkenankan.

  PSAK ini menetapkan kerangka yang komprehensif untuk menentukan bagaimana, kapan dan berapa besar pendapatan dapat diakui. PSAK No. 72 menggantikan sejumlah standar akuntansi pendapatan yang ada saat ini, termasuk PSAK No. 23, PSAK No. 34 dan ISAK No. 10.

  Standar akuntansi ini mengharuskan Grup menerapkan model 5-langkah dalam mengakui pendapatan. Grup harus mengindentifikasi pelaksanaan obligasi yang disyaratkan tiap kontrak dengan pelanggan, termasuk pertimbangan variabel, dan hanya mengakui pendapatan sesuai harga transaksi yang dialokasi/ditentukan pada saat pelaksanaan obligasi dipenuhi. PSAK ini dapat diadopsi retrospektif penuh atau retrospektif yang dimodifikasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Accounting Standards Issued but Not Yet Effective (continued)

Effective on or after January 1, 2019 (continued):

- *ISAK No. 34: "Uncertainty over Income Tax Treatments". Earlier application is permitted.*

  This ISAK clarifies and provides guidance on uncertainty over income tax treatments, such as how the entity measures various tax amounts and how the entity considers changes in facts and circumstances in respect of uncertain tax treatments.

Effective on or after January 1, 2020:

- *PSAK No. 71: "Financial Instruments". Earlier application is permitted.*

  This PSAK revised the requirements related to the classification and measurement of financial instruments, including the expected credit loss model for calculation of impairment of financial assets, and new general hedging accounting requirements.

- *PSAK No. 72: "Revenue from Contracts with Customers". Earlier application is permitted.*

  This PSAK sets out a comprehensive framework to determine how, when and how much revenue can be recognized. PSAK No. 72 supersedes some current revenue accounting standards, including PSAK No. 23, PSAK No. 34 and ISAK No. 10.

  This accounting standard requires the Group to apply 5-step model in recognizing revenue. The Group will be required to identify performance obligation promised in each contract with the customer, including any variable consideration, and only recognize revenue in accordance with the determined/allocated transactions price upon satisfaction of the performance obligation. This PSAK can be applied either using full retrospective approach or modified retrospective approach.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ii. Standar Akuntansi yang Telah Disahkan Namun Belum Berlaku Efektif (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2020 (lanjutan):

- PSAK No. 73: "Sewa". Penerapan dini diperkenankan khusus bagi entitas yang telah menerapkan PSAK No. 72 yang menetapkan prinsip pengakuan, pengukuran, penyajian, dan pengungkapan atas sewa dengan memperkenalkan model akuntansi tunggal khususnya untuk penyewa seperti sewa pembiayaan dalam PSAK No. 30 yang digantikan.

  Standar mengecualikan dua pengakuan atas sewa atas aset dengan nilai rendah dan sewa jangka pendek. Saat tanggal sewa dimulai, penyewa mengakui liabilitas atas pembayaran sewa dan aset atas hak penggunaan aset sewa selama jangka waktu sewa. Penyewa disyaratkan untuk mengakui secara terpisah beban bunga untuk liabilitas sewa dan beban depresiasi untuk hak penggunaan aset. Perlakuan akuntansi untuk *lessor* secara substansi tidak berubah dari PSAK No. 30 yang digantikan. PSAK ini dapat diadopsi secara retrospektif.

- Amandemen PSAK No. 15: "Investasi pada Entitas Asosiasi dan Ventura Bersama". Penerapan dini diperkenankan.

  Amandemen ini mengatur bahwa entitas juga menerapkan PSAK No. 71 atas instrumen keuangan pada entitas asosiasi atau ventura bersama dimana metode ekuitas tidak diterapkan. Hal ini termasuk kepentingan jangka panjang yang secara substansi membentuk bagian investasi neto entitas pada entitas asosiasi dan ventura bersama.

- Amandemen PSAK No. 71: "Instrumen Keuangan, tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif". Penerapan dini diperkenankan.

  Amandemen ini mengatur bahwa aset keuangan dengan fitur percepatan pelunasan yang dapat menghasilkan kompensasi negatif memenuhi kualifikasi sebagai arus kas kontraktual yang berasal semata dari pembayaran pokok dan bunga.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Accounting Standards Issued but Not Yet Effective (continued)

Effective on or after January 1, 2020 (continued):

- *PSAK No. 73: "Leases". Earlier application is permitted. Earlier application is permitted only for entities that apply PSAK No. 72, which establishes the principles of recognition, measurement, presentation, and disclosure of leases by introducing a single accounting model specifically for lessee in a similar way to finance leases under the superseded PSAK No. 30.*

  The standard includes two recognition exemptions for lessees such as for leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from the superseded PSAK No. 30. This PSAK shall be adopted retrospectively.

- *Amendment of PSAK No. 15: "Investment in Associates and Joint Ventures". Earlier application is permitted.*

  This amendment regulates that the entity also implements PSAK No. 71 on financial instruments at associates and joint ventures when equity method is not applicable. This includes long-term interest which substantially forms net investment in associates and joint ventures.

- *Amendment of PSAK No. 71: "Financial Instruments, regarding Prepayment Features with Negative Compensation". Earlier application is permitted.*

  This amendment regulates that financial assets with prepayment features that result in negative compensation meet the qualification as contractual cashflows that are solely payments of principal and interest.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ii. Standar Akuntansi yang Telah Disahkan Namun Belum Berlaku Efektif (lanjutan)

Grup sedang mengevaluasi dampak dari standar akuntansi tersebut dan belum menentukan dampaknya terhadap laporan keuangan konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Accounting Standards Issued but Not Yet Effective (continued)

The Group is presently evaluating and has not yet determined the effects of these accounting standards on the consolidated financial statements.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN

Penyusunan laporan keuangan konsolidasian Grup mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah pendapatan, beban, aset dan liabilitas yang dilaporkan, dan pengungkapan atas liabilitas kontinjensi, pada tanggal pelaporan.

Ketidakpastian mengenai estimasi dan asumsi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat dari aset dan liabilitas di masa yang akan datang.

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Grup yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian:

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya tidak dapat ditentukan secara pasti dalam kegiatan usaha normal. Grup mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan yang akan terutang.

Klasifikasi Aset dan Liabilitas Keuangan

Grup menetapkan klasifikasi aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan apabila aset dan liabilitas tersebut memenuhi definisi yang ditetapkan PSAK No. 55 berdasarkan pertimbangan Grup.

Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti diungkapkan pada Catatan 2v.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due.

Classification of Financial Assets and Liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and liabilities if they meet the definition set forth in PSAK No. 55 based on the Group's judgment.

Accordingly, the financial assets and liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2v.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Pertimbangan (lanjutan)

Pengaturan Bersama

Pertimbangan diperlukan untuk menentukan kapan Grup memiliki pengendalian bersama terhadap sebuah pengaturan, yang memerlukan penilaian dari aktivitas yang relevan dan apabila keputusan sehubungan dengan aktivitas tersebut mengharuskan persetujuan dengan suara bulat.

Grup menetapkan bahwa aktivitas relevan bagi Grup untuk pengaturan bersama adalah aktivitas yang berhubungan dengan keputusan keuangan, operasional dan modal dari pengaturan tersebut. Pertimbangan-pertimbangan yang dibuat dalam menentukan pengendalian bersama adalah sama dengan penentuan pengendalian atas entitas anak.

Pertimbangan juga diperlukan untuk menentukan klasifikasi suatu pengaturan bersama. Pengklasifikasian tersebut mengharuskan Grup menilai hak dan kewajibannya yang timbul dari pengaturan bersama. Secara khusus, Grup mempertimbangkan:

- Struktur pengaturan bersama - apakah dibentuk melalui kendaraan terpisah;
- Ketika pengaturan bersama dibentuk melalui kendaraan terpisah, Grup juga mempertimbangkan hak dan kewajiban para pihak yang timbul dari:
  - Bentuk hukum dari kendaraan terpisah;
  - Persyaratan pengaturan kontraktual; dan
  - Fakta dan keadaan lainnya, jika relevan.

Penilaian tersebut sering memerlukan pertimbangan yang signifikan. Kesimpulan yang berbeda baik atas kesimpulan mengenai pengendalian bersama dan apakah suatu pengaturan adalah sebuah operasi bersama atau ventura bersama, dapat secara material mempengaruhi perlakuan akuntansinya.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Joint Arrangements

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent.

The Group has determined that the relevant activities for its joint arrangements are those relating to the financial, operational and capital decisions of the arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- *The structure of the joint arrangement - whether it is structured through a separate vehicle;*
- *When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:*
  - *The legal form of the separate vehicle;*
  - *The terms of the contractual arrangement; and*
  - *Other relevant facts and circumstances.*

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Pertimbangan (lanjutan)

Penilaian Perjanjian Kontraktual

Manajemen menggunakan pertimbangannya dalam menentukan apakah perjanjian kontraktual dengan PT PLN (Persero), PLN Batam, PLN WS2JB dan PLN DJB (PLN) termasuk dalam ruang lingkup ISAK No. 16, "Perjanjian Konsesi Jasa". Berdasarkan evaluasi manajemen terhadap syarat dan ketentuan perjanjian, diputuskan bahwa suatu perjanjian termasuk dalam ruang lingkup ISAK No. 16 jika memenuhi kriteria pengendalian dalam ISAK No. 16 sebagai berikut:

- Pemberi konsesi mengendalikan atau meregulasi jasa apa yang harus diberikan oleh operator dengan infrastruktur, kepada siapa jasa harus diberikan dan berapa harganya; dan
- Pemberi konsesi mengendalikan - melalui kepemilikan, hak manfaat, atau bentuk lain - atas setiap kepentingan residu signifikan dalam infrastruktur pada akhir masa perjanjian.

Dasar bagi Grup untuk mengakui konsesi aset keuangan telah disajikan pada Catatan 2n.

Jika perjanjian tidak termasuk dalam ruang lingkup ISAK No. 16, manajemen menggunakan pertimbangannya dalam menentukan apakah perjanjian mengandung suatu sewa dan lebih lanjut menentukan klasifikasi dari sewa tersebut. Berdasarkan evaluasi, manajemen telah menentukan bahwa perjanjian dengan PLN tidak termasuk dalam ruang lingkup ISAK No. 16 karena pemenuhan perjanjian bergantung pada penggunaan satu atau beberapa aset spesifik dan perjanjian tersebut memberikan suatu hak untuk menggunakan aset tersebut. Manajemen mengklasifikasikan sewa sebagai sewa pembiayaan karena berdasarkan evaluasi manajemen, syarat perjanjian mencakup sebagian besar umur ekonomi aset dan pada awal sewa, nilai kini dari jumlah pembayaran sewa minimum secara substansial mendekati nilai wajar aset sewaan.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Contractual Arrangement Assessment

The management exercises its judgment in determining whether or not the contractual arrangements with PT PLN (Persero), PLN Batam, PLN WS2JB and PLN DJB (PLN) fall within the scope of ISAK No. 16, "Service Concession Arrangements". Based on management's evaluation of the terms of the arrangement, it determines that the arrangement is within the scope of ISAK No. 16 if it meets the control criteria set out in ISAK No. 16 as follows:

- *The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and*
- *The grantor controls - through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement.*

The basis for the Group to recognize concession financial assets has been disclosed in Note 2n.

If the arrangement does not fall within ISAK No. 16, the management also exercises its judgment in determining if the arrangement contains a lease and further determines the classification of the lease. Based on such evaluation, the management has determined that the arrangement with PLN does not fall within the scope of ISAK No. 16 as the fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset) and the arrangement conveys a right to use the asset. The management classifies the lease as finance lease if based on management's evaluation, the term of the arrangement constitutes a substantial portion of the economic life of the asset, and at the inception of the lease, the present value of the minimum lease payments amounts to substantially the fair value of the leased assets.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi

Asumsi utama masa depan dan sumber utama ketidakpastian estimasi lain pada tanggal pelaporan yang memiliki risiko signifikan yang mungkin mengakibatkan penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk periode berikutnya diungkapkan di bawah ini. Grup mendasarkan estimasi dan asumsi pada parameter yang tersedia pada saat laporan keuangan konsolidasian disusun. Asumsi dan situasi mengenai perkembangan masa depan tersebut mungkin berubah akibat perubahan pasar atau situasi yang timbul di luar kendali Grup. Perubahan tersebut dicerminkan dalam asumsi terkait pada saat terjadinya.

Alokasi Biaya Perolehan dan Penurunan Nilai *Goodwill*

Akuntansi akuisisi mengharuskan penggunaan estimasi akuntansi secara ekstensif dalam mengalokasikan biaya perolehan kepada nilai pasar wajar yang dapat diandalkan atas aset dan liabilitas yang diakuisisi, termasuk aset tak berwujud. Sesuai PSAK No. 22, *goodwill* tidak diamortisasi dan diuji untuk penurunan nilai setiap tahun.

Uji penurunan nilai dilakukan apabila terdapat indikasi penurunan nilai. Dalam hal *goodwill*, aset terkait diuji untuk penurunan nilai setiap tahun dan pada saat terdapat indikasi penurunan nilai; manajemen harus menggunakan pertimbangannya dalam mengestimasi nilai terpulihkan dan menentukan jumlah penurunan nilai.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes in the assumptions are reflected when they occur.

Purchase Price Allocation and Goodwill Impairment

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the reliable fair market values of the assets and liabilities purchased, including intangible assets. Under PSAK No. 22, goodwill is not amortized and is subject to an annual impairment testing.

Impairment test is performed when certain impairment indicators are present. In case of goodwill, such asset is subject to annual impairment test and whenever there is an indication that such asset may be impaired; management uses its judgment in estimating the recoverable value and determining the amount of impairment.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi (lanjutan)

Penyisihan atas Penurunan Nilai Piutang

Grup mengevaluasi akun tertentu jika terdapat informasi bahwa pelanggan dan debitur yang bersangkutan tidak dapat memenuhi kewajiban keuangannya. Dalam hal tersebut, Grup mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan atau debitur dan atau status kredit dari pelanggan atau debitur berdasarkan catatan kredit dari pihak ketiga dan faktor pasar yang telah diketahui, untuk mencatat provisi spesifik atas jumlah piutang pelanggan atau debitur guna mengurangi jumlah piutang sebesar jumlah yang diharapkan dapat diterima oleh Grup. Provisi spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan untuk penurunan nilai piutang. Nilai tercatat dari piutang usaha Grup sebelum cadangan untuk penurunan nilai pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$171.123.138, AS$200.763.686 dan AS$183.537.071. Penjelasan lebih lanjut diungkapkan dalam Catatan 6. Nilai tercatat dari piutang lain-lain Grup sebelum cadangan untuk penurunan nilai pada tanggal 31 Desember 2018, 2017 dan 2016 termasuk porsi lancar dan tidak lancar masing-masing sebesar AS$233.987.658, AS$546.010.573 dan AS$$416.913.147. Penjelasan lebih lanjut diungkapkan dalam Catatan 7.

Penurunan Nilai Aset Non-Keuangan

Grup mengevaluasi apakah terdapat indikator penurunan untuk semua aset non-keuangan pada setiap tanggal pelaporan. Aset non-keuangan diuji penurunan nilainya apabila terdapat indikasi adanya nilai tercatat yang tidak terpulihkan.

Ketika nilai pakai dalam perhitungan ditentukan, manajemen harus memperkirakan arus kas masa depan yang diharapkan diterima dari aset atau unit penghasil kas, dan menentukan tingkat diskonto yang sesuai untuk menghitung nilai kini dari arus kas tersebut.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Allowance for Impairment of Receivables

The Group evaluates specific accounts where it has information that certain customers and debtors are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer or debtor and or the customer's or debtor's current credit status based on third party credit reports and known market factors, to record specific provisions for customers or debtors against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of receivables. The carrying amounts of the Group's trade receivables before allowance for impairment as of December 31, 2018, 2017 and 2016 are US$171,123,138, US$200,763,686 and US$183,537,071, respectively. Further details are presented in Note 6. The carrying amounts of the Group's other receivables before allowance for impairment as of December 31, 2018 and 2017 and December 31, 2018, 2017 and 2016 inclusive of current and non-current portions, are US$233,987,658, US$546,010,573 and US$416,913,147, respectively. Further details are presented in Note 7.

Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi (lanjutan)

Imbalan Pensiun dan Imbalan Pasca Kerja Lainnya

Penentuan kewajiban dan biaya pensiun dan imbalan pasca kerja lainnya Grup bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk tingkat diskonto, tingkat kenaikan gaji tahunan, tingkat pengunduran diri karyawan tahunan, tingkat kecacatan, umur pensiun dan tingkat kematian. Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, namun dikarenakan sifat jangka panjang dari liabilitas ini, estimasi tersebut adalah subyek dari ketidakpastian yang signifikan. Nilai tercatat atas liabilitas diestimasi imbalan kerja Grup pada tanggal 31 Desember 2018, 2017 dan 2016 termasuk porsi lancar dan tidak lancar masing-masing sebesar AS$20.940.354, AS$49.120.863 dan AS$45.528.380. Penjelasan lebih rinci diungkapkan dalam Catatan 40.

Penyusutan Aset Tetap dan Properti Investasi

Biaya perolehan aset tetap dan properti investasi disusutkan dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis aset tetap dan properti investasi antara 3 sampai 40 tahun. Ini merupakan masa manfaat yang secara umum diharapkan dalam industri dimana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin dapat direvisi. Nilai tercatat neto atas aset tetap Grup pada tanggal tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$43.212.281, AS$67.924.100 dan AS$5.170.315. Penjelasan lebih rinci diungkapkan dalam Catatan 16. Nilai tercatat neto atas properti investasi Grup pada tanggal tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$ nihil, AS$ nihil dan AS$351.258.964. Penjelasan lebih rinci diungkapkan dalam Catatan 17.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Pension and Other Post-Employment Benefits

The determination of the Group's obligations and cost for pension and other post-employment benefits is dependent on the assumptions used by the independent actuaries. These assumptions include discount rates, future annual salary increases, annual employee turn-over rate, disability rate, retirement age and mortality rate. While the Group believes that its assumptions are reasonable and appropriate, due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. The carrying amounts of the Group's estimated liabilities for post-employment benefits as of December 31, 2018, 2017 and 2016 inclusive of current and non-current portions, are US$20,940,354, US$49,120,863 and US$45,528,380, respectively. Further details are disclosed in Note 40.

Depreciation of Property, Plant and Equipment and Investment Property

The costs of property, plant and equipment and investment property are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 40 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amounts of the Group's property, plant and equipment as of December 31, 2018, 2017 and 2016 are US$43,212,281, US$67,924,100 and US$5,170,315, respectively. Further details are disclosed in Note 16. The net carrying amounts of the Group's investment property as of December 31, 2018, 2017 and 2016 are US$ nil, US$ nil and US$351,258,964, respectively. Further details are disclosed in Note 17.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi (lanjutan)

Aset Pajak Tangguhan

Aset pajak tangguhan diakui atas seluruh rugi fiskal dan beda temporer yang dapat dikurangkan yang belum digunakan sepanjang besar kemungkinannya bahwa penghasilan kena pajak akan tersedia sehingga rugi fiskal tersebut dan beda temporer yang dapat dikurangkan dapat digunakan. Estimasi signifikan oleh manajemen diperlukan dalam menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak disertai dengan strategi perencanaan pajak masa depan.

Pada tanggal 31 Desember 2018, 2017 dan 2016, Grup memiliki aset pajak tangguhan yang tidak diakui. Penjelasan lebih rinci diungkapkan dalam Catatan 37.

Penyisihan Penurunan Nilai dan Keusangan Persediaan

Penyisihan penurunan nilai dan keusangan persediaan diestimasi berdasarkan fakta dan keadaan terbaik yang tersedia, termasuk namun tidak terbatas kepada kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian dan estimasi biaya yang timbul untuk penjualan. Provisi dievaluasi kembali dan disesuaikan jika terdapat tambahan informasi yang mempengaruhi jumlah yang diestimasi. Nilai tercatat persediaan Grup sebelum cadangan atas keusangan dan penurunan nilai pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$62.582.571, AS$89.094.207 dan AS$70.473.465. Penjelasan lebih rinci diungkapkan dalam Catatan 10.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and deductable temporary difference to the extent that it is probable that taxable profit will be available against which the tax losses and deductible temporary difference can be utilized. Significant estimation by management are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As of December 31, 2018, 2017 and 2016, the Group has deferred tax assets that has not been recognized. Further details are disclosed in Note 37.

Allowance for Decline in Value and Obsolescence of Inventories

Allowance for decline in value and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to sell. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amounts of the Group's inventories before allowance for obsolescence and decline in value as of December 31, 2018, 2017 and 2016 are US$62,582,571, US$89,094,207 and US$70,473,465, respectively. Further details are disclosed in Note 10.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi (lanjutan)

Liabilitas Pembongkaran Aset dan Restorasi Area

Grup mengakui provisi untuk liabilitas pembongkaran aset dan restorasi area terkait dengan sumur minyak dan gas bumi, fasilitas dan infrastruktur terkait. Dalam menentukan nilai provisi, asumsi dan estimasi yang diperlukan adalah tingkat diskonto dan biaya yang diharapkan untuk membongkar dan memindahkan semua peralatan dari daerah pengeboran dan restorasi area. Nilai tercatat dari provisi tersebut pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$88.565.809, AS$61.595.555 dan AS$54.467.529. Penjelasan lebih rinci diungkapkan dalam Catatan 49.

Estimasi Cadangan

Cadangan minyak dan gas bumi terbukti adalah perkiraan jumlah minyak mentah dan gas alam yang berdasarkan data geologis dan teknis dapat diambil dengan tingkat kepastian yang memadai di tahun-tahun mendatang dari cadangan yang ada berdasarkan kondisi ekonomi dan operasi yang sekarang ada, misalnya terkait dengan harga dan biaya pada tanggal estimasi tersebut dibuat. Cadangan terbukti meliputi:

(i) cadangan terbukti dikembangkan: jumlah hidrokarbon yang diharapkan akan diambil melalui metode sumur, fasilitas, dan operasi yang sekarang ada; dan
(ii) cadangan terbukti yang belum dikembangkan: jumlah hidrokarbon yang diharapkan dapat diambil setelah adanya pengeboran, fasilitas dan metode operasi baru.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Asset Abandonment and Site Restoration Obligations

The Group has recognized provision for asset abandonment and site restoration obligations associated with its oil and gas wells, facilities and infrastructures. In determining the amount of the provision, assumptions and estimations are required in relation to discount rates and the expected cost to dismantle and remove all the structures from the site and restore the site. The carrying amounts of the provision as of December 31, 2018, 2017 and 2016 are US$88,565,809, US$61,595,555 and US$54,467,529, respectively. Further details are disclosed in Note 49.

Reserve 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, for example price and cost on the date the estimate was made. 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) undeveloped proved reserves: amounts of hydrocarbons that are expected to be retrieved following new drilling, facilities and operating methods.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Estimasi dan Asumsi (lanjutan)

Estimasi Cadangan (lanjutan)

Akurasi dari cadangan terbukti tergantung pada sejumlah faktor, asumsi dan variabel seperti: kualitas data geologi, teknis dan ekonomi yang tersedia beserta interpretasi dan pertimbangan terkait, hasil pengeboran, pengujian dan produksi setelah tanggal estimasi, kinerja produksi reservoir, teknik produksi, proyeksi tingkat produksi di masa mendatang, estimasi besaran biaya dan waktu terjadinya pengeluaran pengembangan, ketersediaan pasar komersial, harga komoditi yang diharapkan dan nilai tukar.

Karena asumsi ekonomis yang digunakan untuk mengestimasi cadangan berubah dari waktu ke waktu dan tambahan data geologi yang dihasilkan selama operasi, estimasi cadangan dapat berubah dari waktu ke waktu. Perubahan cadangan yang dilaporkan dapat mempengaruhi hasil dan posisi keuangan Grup dalam berbagai cara, diantaranya:

- Penyusutan dan amortisasi yang ditentukan berdasarkan unit produksi, atau jika masa manfaat ekonomi sumur aset berubah.
- Provisi biaya pembongkaran, restorasi lokasi aset dan hal-hal yang berkaitan dengan lingkungan dapat berubah apabila terjadi perubahan dalam perkiraan cadangan yang mempengaruhi ekspektasi tentang waktu atau biaya kegiatan ini.
- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

Reserve 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 available along with related interpretation and judgement, 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:

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

4. KAS DAN SETARA KAS / *4. CASH AND CASH EQUIVALENTS*

	2018	2017	2016	
Kas	43.667	56.954	16.661	*Cash on hand*
Bank				*Cash in banks*
Pihak berelasi				*Related party*
Rupiah				*Rupiah*
PT Bank Woori Saudara Indonesia 1906 Tbk	1.785.660	554.160	413.193	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Dolar Amerika Serikat				*United States Dollar*
PT Bank Woori Saudara Indonesia 1906 Tbk	178.523	151.098	107.075	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Pihak ketiga				*Third parties*
Rupiah				*Rupiah*
PT Bank Mandiri (Persero) Tbk	12.352.241	32.061.886	32.096.816	*PT Bank Mandiri (Persero) Tbk*
PT Bank Syariah Mandiri	9.912.158	771.424	-	*PT Bank Syariah Mandiri*
Bangkok Bank Public Company Limited - Cabang Jakarta	6.905.600	-	-	*Bangkok Bank Public Company Limited - Jakarta Branch*
PT Bank Negara Indonesia (Persero) Tbk	6.039.801	10.136.035	4.141.706	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero)Tbk	748.648	2.673.020	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT DBS Bank Indonesia	620.176	408.655	7.461	*PT DBS Bank Indonesia*
PT Bank CIMB Niaga Tbk	210.874	8.276.206	122.576	*PT Bank CIMB Niaga Tbk*
Lain-lain (masing-masing di bawah AS$500.000)	670.841	814.257	505.828	*Others (each below US$500,000)*
Dolar Amerika Serikat				*United States Dollar*
Australia and New Zealand Banking Group Ltd	66.540.862	77.739.151	10.514.329	*Australia and New Zealand Banking Group Ltd*
Citibank, N.A.	57.732.690	56.670.900	1.486.557	*Citibank, N.A.*
Mizuho Bank Ltd	34.748.356	3.629.044	-	*Mizuho Bank Ltd*
PT Bank Mandiri (Persero) Tbk	32.249.233	53.295.777	71.137.341	*PT Bank Mandiri (Persero) Tbk*
PT Bank ANZ Indonesia	27.271.107	56.679.721	82.502	*PT Bank ANZ Indonesia*
PT Bank Negara Indonesia (Persero) Tbk	26.662.368	44.906.177	18.155.885	*PT Bank Negara Indonesia (Persero) Tbk*
Standard Chartered Bank	17.445.330	408.433	960.401	*Standard Chartered Bank*
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd)	10.698.169	817.207	835.185	*MUFG Bank Ltd (formerly The Bank of Tokyo - Mitsubishi UFJ, Ltd)*
PT Bank Muamalat Indonesia Tbk	5.207.573	79.568	45.511	*PT Bank Muamalat Indonesia Tbk*
Alizz Islamic Bank	4.681.266	6.380.249	5.838.538	*Alizz Islamic Bank*
PT Bank QNB Indonesia Tbk	1.449.641	1.432.365	3.817	*PT Bank QNB Indonesia Tbk*
DBS Bank Ltd	284.461	506.604	183.207	*DBS Bank Ltd*
The Hongkong and Shanghai Banking Corporation Ltd	227.812	151.661	3.048.676	*The Hongkong and Shanghai Banking Corporation Ltd*
Bank of Singapore	121.750	66.330	2.006.677	*Bank of Singapore*
Banque Internationale Arabe de Tunisie (BIAT)	15.986	2.295.076	2.423.813	*Banque Internationale Arabe de Tunisie (BIAT)*
Capital One, N.A.	-	938.693	586.948	*Capital One, N.A.*
PT Bank Bukopin Tbk	-	-	1.367.686	*PT Bank Bukopin Tbk*
Lain-lain (masing-masing di bawah AS$500.000)	926.548	1.033.673	1.249.225	*Others (each below US$500,000)*
Pound Sterling Britania Raya				*Great Britain Pound Sterling*
PT Bank Mandiri (Persero) Tbk	4.039.289	856	-	*PT Bank Mandiri (Persero) Tbk*
Mata uang asing lainnya	348.523	468.953	74.363	*Other foreign currencies*
Sub-jumlah	330.075.486	363.347.179	157.395.316	*Sub-total*

4. KAS DAN SETARA KAS (lanjutan) / *4. CASH AND CASH EQUIVALENTS (continued)*

	2018	2017	2016	
Setara kas				*Cash equivalents*
Deposito berjangka				*Time deposits*
Pihak berelasi				*Related party*
Rupiah				*Rupiah*
PT Bank Woori Saudara Indonesia 1906 Tbk	3.015.330	43.538.899	2.805.894	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Dolar Amerika Serikat				*United States Dollar*
PT Bank Woori Saudara Indonesia 1906 Tbk	11.932.256	-	-	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Pihak ketiga				*Third parties*
Rupiah				*Rupiah*
Bangkok Bank Public Company Limited - Cabang Jakarta	6.905.601	-	-	*Bangkok Bank Public Company Limited - Jakarta Branch*
PT Bank Bukopin Tbk	3.867.136	1.476.233	3.170.586	*PT Bank Bukopin Tbk*
PT Bank Rakyat Indonesia (Persero)Tbk	3.798.080	-	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	3.176.576	3.616.770	-	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	138.112	-	74.427	*PT Bank Mandiri (Persero) Tbk*
PT Bank Muamalat Indonesia Tbk	-	36.905.815	-	*PT Bank Muamalat Indonesia Tbk*
Dolar Amerika Serikat				*United States Dollar*
PT Bank Mandiri (Persero) Tbk	50.000.000	-	-	*PT Bank Mandiri (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	5.000.000	-	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
UBS AG	100.267	98.728	98.000	*UBS AG*
PT Bank CIMB Niaga Tbk	-	25.000.000	-	*PT Bank CIMB Niaga Tbk*
PT Bank Negara Indonesia (Persero) Tbk	-	10.000.000	-	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank MNC Internasional Tbk	-	5.000.000	-	*PT Bank MNC Internasional Tbk*
PT Bank Bukopin Tbk	-	-	1.000.000	*PT Bank Bukopin Tbk*
Sub-jumlah	87.933.358	125.636.445	7.148.907	*Sub-total*
Jumlah	**418.052.511**	**489.040.578**	**164.560.884**	***Total***

Rekening di bank memiliki tingkat bunga mengambang sesuai dengan tingkat penawaran pada masing-masing bank.

Accounts in banks earn interest at floating rate based on the offerred rate from each bank.

	2018	2017	2016	
Tingkat bunga per tahun				*Interest rates per annum*
Deposito berjangka				*Time deposits*
Rupiah	4,25% - 8,25%	3,25% - 7,50%	3,75% - 9,75%	*Rupiah*
Dolar Amerika Serikat	1,75% - 3,25%	0,84% - 2,50%	0,43% - 2,25%	*United States Dollar*

5. INVESTASI JANGKA PENDEK / *5. SHORT-TERM INVESTMENTS*

Akun ini terdiri dari: / *This account consists of:*

	2018	2017	2016	
Surat berharga yang diperdagangkan				*Marketable securities-for trading*
Rupiah				*Rupiah*
Unit Reksadana	3.385.006	3.681.655	3.325.030	*Mutual fund units*
Obligasi	140.004	151.491	382.217	*Bonds*
Dolar Amerika Serikat				*United States Dollar*
Dana kelolaan bank	21.660.422	22.509.135	63.178.382	*Managed funds by banks*
Jumlah	**25.185.432**	**26.342.281**	**66.885.629**	***Total***
Tingkat bunga per tahun				*Interest rate per annum*
Surat berharga yang diperdagangkan (obligasi)				*Marketable securities for trading (bonds)*
Rupiah	10,85%	10,85%	9,25% - 10,85%	*Rupiah*

Dana kelolaan bank terdiri dari saham-saham perusahaan publik, pendapatan tetap/surat utang, pasar uang dan instrumen keuangan lainnya. Untuk tahun yang berakhir pada tanggal 31 Desember 2018, kerugian neto dari investasi jangka pendek adalah sebesar AS$1,0 juta (31 Desember 2017 keuntungan neto sebesar AS$0,1 juta, dan 31 Desember 2016 kerugian neto sebesar AS$2,7 juta).

Investments in managed funds by banks consist of shares of listed companies, fixed income/notes payable, money market and other financial instruments. For the year ended December 31, 2018, net loss from short-term investment, amounted to US$1.0 million (December 31, 2017: net income amounting to US$0.1 million, and December 31, 2016: net loss amounting to US$2.7 million).

Pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa tidak terdapat penurunan nilai atas investasi jangka pendek Grup.

As of December 31, 2018, 2017 and 2016, management is of the opinion that no impairment on the Group's short-term investments is necessary.

6. PIUTANG USAHA / *6. TRADE RECEIVABLES*

Rincian dari akun ini adalah sebagai berikut: / *The details of this account are as follows:*

a. Berdasarkan Pelanggan / *a. By Customer*

	2018	2017	2016	
Pihak berelasi				*Related parties*
PT Medco Intidinamika	-	-	531.597	*PT Medco Intidinamika*
PT Medco Power Indonesia	-	-	147.014	*PT Medco Power Indonesia*
PT Bank Woori Saudara Indonesia 1906 Tbk	-	-	18.195	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Sub-jumlah	-	-	696.806	*Sub-total*
Cadangan penurunan nilai	-	-	(1.846)	*Allowance for impairment*
Neto	**-**	**-**	**694.960**	***Net***

6. PIUTANG USAHA (lanjutan) / *6. TRADE RECEIVABLES (continued)*

a. Berdasarkan Pelanggan (lanjutan) / *a. By Customer (continued)*

	2018	2017	2016	
Pihak ketiga				*Third parties*
Pelanggan dalam negeri	93.068.764	97.172.094	47.857.522	*Local customers*
Pelanggan luar negeri	78.054.374	103.591.592	134.982.743	*Foreign customers*
Sub-jumlah	171.123.138	200.763.686	182.840.265	*Sub-total*
Cadangan penurunan nilai	(4.605.681)	(4.607.726)	(328.445)	*Allowance for impairment*
Neto	166.517.457	196.155.960	182.511.820	*Net*
Jumlah	**166.517.457**	**196.155.960**	**183.206.780**	***Total***

b. Berdasarkan Umur / *b. By Aging Category*

	2018	2017	2016	
Lancar dan tidak mengalami penurunan nilai	143.557.630	183.531.024	19.908.133	*Neither past due nor impaired*
Telah jatuh tempo dan tidak mengalami penurunan nilai:				*Past due and not impaired:*
1 - 30 hari	14.382.104	8.290.184	155.958.950	*1 - 30 days*
31 - 60 hari	2.907.819	2.879	2.166.390	*31 - 60 days*
61 - 90 hari	1.089.988	82.337	648.658	*61 - 90 days*
91 - 120 hari	864.523	-	51.294	*91 - 120 days*
Lebih dari 120 hari	3.715.393	4.249.536	4.473.355	*More than 120 days*
Telah jatuh tempo dan mengalami penurunan nilai:				*Past due and impaired:*
Lebih dari 120 hari	4.605.681	4.607.726	330.291	*More than 120 days*
Jumlah	171.123.138	200.763.686	183.537.071	*Total*
Cadangan penurunan nilai	(4.605.681)	(4.607.726)	(330.291)	*Allowance for impairment*
Neto	**166.517.457**	**196.155.960**	**183.206.780**	***Net***

c. Berdasarkan Mata Uang / *c. By Currency*

	2018	2017	2016	
Dolar Amerika Serikat	145.689.871	174.183.927	180.956.263	*United States Dollar*
Rupiah	25.433.267	26.579.759	2.580.808	*Rupiah*
Jumlah	171.123.138	200.763.686	183.537.071	*Total*
Cadangan penurunan nilai	(4.605.681)	(4.607.726)	(330.291)	*Allowance for impairment*
Neto	**166.517.457**	**196.155.960**	**183.206.780**	***Net***

Piutang usaha, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selama 30 sampai dengan 35 hari.

Trade receivables, non-interest bearing, and generally on 30 to 35 days term of payment.

6. PIUTANG USAHA (lanjutan) / *6. TRADE RECEIVABLES (continued)*

Perubahan dalam cadangan penurunan nilai adalah sebagai berikut:

The changes in the allowance for impairment are as follows:

	2018	2017	2016	
Saldo awal tahun	4.607.726	330.291	304.267	*Balance at beginning of the year*
Cadangan selama tahun berjalan	4.626	4.523.396	190.734	*Provisions during the year*
Pembalikan tahun berjalan	-	-	(108.054)	*Reversal for the year*
Direklasifikasi dari operasi yang dihentikan	-	84.330	-	*Reclassified from discontinued operations*
Direklasifikasi ke operasi yang dihentikan	-	(330.291)	(56.656)	*Reclassified to discontinued operations*
Selisih kurs	(6.671)	-	-	*Foreign exchange difference*
Saldo akhir tahun	**4.605.681**	**4.607.726**	**330.291**	***Balance at end of year***

Piutang usaha dari pelanggan tertentu dijaminkan sebagai jaminan untuk pinjaman bank (Catatan 27).

Trade receivables from certain customers are pledged as collaterals for several bank loans received (Note 27).

Berdasarkan penelaahan status akun piutang usaha pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa cadangan penurunan nilai piutang usaha cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya akun-akun tersebut.

Based on the review of trade receivables as of December 31, 2018, 2017 and 2016, management is of the opinion that the allowance for impairment of trade receivables is adequate to cover possible losses on uncollectible accounts.

Pada tanggal 31 Desember 2018, 2017 dan 2016, pelanggan Grup dengan piutang usaha lebih dari 10% dari jumlah piutang usaha Grup adalah sebagai berikut:

As of December 31, 2018, 2017 and 2016, the Group's customers with trade receivables over than 10% of the Group's trade receivables are as follows:

	2018	2017	2016	
Sembcorp Gas Pte Ltd	28%	20%	21%	*Sembcorp Gas Pte Ltd*
PT Perusahaan Listrik Negara (Persero)	14%	13%	10%	*PT Perusahaan Listrik Negara (Persero)*
Petroleum Development Oman LLC	7%	11%	16%	*Petroleum Development Oman LLC*
Lukoil Asia Pacific Pte Ltd	3%	17%	-	*Lukoil Asia Pacific Pte Ltd*
Premier Oil Natuna Sea Ltd	1%	15%	-	*Premier Oil Natuna Sea Ltd*
Petro Diamond Singapore Pte Ltd	-	-	14%	*Petro Diamond Singapore Pte Ltd*

7. PIUTANG LAIN-LAIN / *7. OTHER RECEIVABLES*

Akun ini terdiri dari: / *This account consists of:*

a. Berdasarkan pihak/jenis / *a. By party/nature*

	2018	2017	2016	
Pihak berelasi				***Related parties***
PT Amman Mineral Industri	985.861	-	-	*PT Amman Mineral Industri*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	334.636	-	-	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	130.948	-	-	*PT Medco Daya Energi Nusantara*
PT Amman Mineral Investama	-	278.453.292	250.459.024	*PT Amman Mineral Investama*
PT Medco Daya Abadi Lestari	-	1.306.670	-	*PT Medco Daya Abadi Lestari*
PT Medco Power Indonesia	-	-	252.716	*PT Medco Power Indonesia*
PT Medco Intidinamika	-	-	33.603	*PT Medco Intidinamika*
Jumlah	**1.451.445**	**279.759.962**	**250.745.343**	***Total***
Pihak ketiga				***Third parties***
Pajak Pertambahan Nilai (PPN) yang dapat ditagihkan	102.091.239	93.648.429	67.100.088	*Reimbursable Value Added Tax (VAT)*
Piutang Operasi Bersama	50.787.986	91.769.798	60.809.242	*Receivables from Joint Operations*
PT Donggi Senoro LNG	44.209.045	42.348.476	-	*PT Donggi Senoro LNG*
Piutang atas uang muka	15.399.350	14.281.604	-	*Advance receivables*
Pinjaman karyawan	6.058.223	6.234.072	6.531.308	*Loans to employees*
Piutang atas denda	5.766.750	5.962.390	-	*Receivables from penalty*
Piutang bunga	1.334.600	2.609.312	2.804.087	*Interest receivable*
Piutang *underlifting*	1.227.295	-	22.637.849	*Underlifting receivable*
PT Pertamina EP Asset IV	-	1.281.404	-	*PT Pertamina EP Asset IV*
Lain-lain (masing-masing di bawah AS$1.000.000)	5.661.725	8.115.126	6.285.230	*Others (each below US$1,000,000)*
Jumlah sebelum cadangan penurunan nilai	**232.536.213**	**266.250.611**	**166.167.804**	***Total before allowance for impairment***
Bagian jangka panjang	135.146.696	88.050.689	51.796.653	*Long-term portion*
Cadangan penurunan nilai	(3.261.890)	(2.925)	(2.925)	*Allowance for impairment*
Bagian jangka panjang - neto	**131.884.806**	**88.047.764**	**51.793.728**	***Long-term portion - net***
Bagian yang jatuh tempo dalam satu tahun	97.389.517	178.199.922	114.371.151	*Current portion*
Cadangan penurunan nilai	(15.875.057)	(18.745.803)	(13.502.993)	*Allowance for impairment*
Bagian yang jatuh tempo dalam satu tahun - neto	**81.514.460**	**159.454.119**	**100.868.158**	***Current portion - net***

7. PIUTANG LAIN-LAIN (lanjutan) / *7. OTHER RECEIVABLES (continued)*

b. Berdasarkan jenis debitur / *b. By debtor*

	2018	2017	2016	
Pihak berelasi	1.451.445	279.759.962	250.745.343	*Related parties*
Pihak ketiga				***Third parties***
Pemerintah Indonesia	103.555.963	93.648.429	89.737.937	*Government of Indonesia*
Perusahaan Multinasional	94.579.304	128.727.198	57.712.957	*Multinational companies*
Individual	5.936.565	1.604.150	6.531.308	*Individuals*
Badan Usaha Milik Negara	1.742.925	9.577.102	818.700	*State-owned companies*
Perusahaan lainnya	26.721.456	32.693.732	11.366.902	*Other companies*
Jumlah	**233.987.658**	**546.010.573**	**416.913.147**	***Total***

c. Berdasarkan mata uang / *c. By currency*

	2018	2017	2016	
Dolar Amerika Serikat	125.142.131	470.643.936	369.888.082	*United States Dollar*
Rupiah	108.029.910	74.515.182	47.004.979	*Rupiah*
Euro	815.617	851.455	19.668	*Euro*
Dolar Singapura	-	-	418	*Singapore Dollar*
Jumlah	**233.987.658**	**546.010.573**	**416.913.147**	***Total***
Bagian jangka panjang	135.146.696	88.050.689	51.796.653	*Long-term portion*
Cadangan penurunan nilai	(3.261.890)	(2.925)	(2.925)	*Allowance for impairment*
Bagian jangka panjang - neto	**131.884.806**	**88.047.764**	**51.793.728**	***Long-term portion - net***
Bagian yang jatuh tempo dalam satu tahun	98.840.962	457.959.884	365.116.494	*Current portion*
Cadangan penurunan nilai	(15.875.057)	(18.745.803)	(13.502.993)	*Allowance for impairment*
Bagian yang jatuh tempo dalam satu tahun - neto	**82.965.905**	**439.214.081**	**351.613.501**	***Current portion - net***

d. Berdasarkan area geografis / *d. By geographical area*

	2018	2017	2016	
Indonesia	216.536.920	525.390.836	397.006.221	*Indonesia*
Luar negeri:				*Overseas:*
Asia	13.579.943	665.612	451.524	*Asia*
Timur Tengah dan Afrika Utara	3.420.795	19.055.417	19.450.979	*Middle East and North Africa*
Inggris	450.000	408.557	-	*United Kingdom*
Amerika Serikat	-	490.151	4.423	*United States of America*
Jumlah	**233.987.658**	**546.010.573**	**416.913.147**	***Total***

7. PIUTANG LAIN-LAIN (lanjutan)

Piutang dari PT Amman Mineral Industri ("AMIN") merupakan piutang atas penggantian biaya proyek *smelter* dimana PT Medco Power Generation Indonesia ("MPGI"), entitas anak yang dimiliki sepenuhnya, ditunjuk sebagai entitas bisnis yang mengelola proyek dan berkomunikasi dengan pihak eksternal.

Pada tanggal 23 Agustus 2016, Perusahaan menandatangani *Shareholder Facility Agreement* dengan PT Amman Mineral Investama ("AMIV") di mana Perusahaan memberikan pinjaman sebesar AS$246.000.000 dan akan jatuh tempo pada tanggal 23 Agustus 2021. Pinjaman ini dikenakan bunga sebesar 2% diatas tingkat bunga yang berlaku di AMIV per tahun.

Pada tanggal 28 September 2017, AMIV menandatangani perubahan atas *Shareholders Facility Agreement* dengan Perusahaan, dan setuju mengubah waktu pembayaran menjadi setiap saat dapat diminta oleh Perusahaan untuk dibayar sebelum tanggal berakhirnya perjanjian berdasarkan permintaan tertulis dari Perusahaan kepada AMIV. Pada tanggal 2 Januari 2018, sisa dari piutang AMIV telah dikonversi menjadi saham atas AMIV (Catatan 14).

Pada tanggal 1 Januari 2018, piutang dari AMIV sebesar AS$137.923.011 telah dikonversi menjadi wesel tagih kepada PT AP Investment ("API"). Pada tanggal 21 Desember 2018, wesel tagih ini telah dinovasikan oleh Perusahaan kepada PT Medco Services Indonesia ("MSI"), entitas anak yang secara tidak langsung dimiliki sepenuhnya. Pada tanggal 26 Desember 2018, wesel tagih ini telah dikonversi menjadi 5,10% kepemilikan atas PT Amman Mineral Internasional ("AMI") (Catatan 38 dan 46).

Piutang Pajak Pertambahan Nilai (PPN) yang dapat ditagihkan merupakan PPN yang dibayarkan oleh entitas anak yang bergerak di bidang eksplorasi dan produksi minyak dan gas bumi dan panas bumi di Indonesia, yang dapat ditagih kembali dari Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (SKK Migas) dan Pemerintah.

Piutang Operasi Bersama merupakan piutang dari mitra Operasi Bersama yang berkaitan dengan aktivitas eksplorasi dan produksi minyak dan gas bumi.

7. OTHER RECEIVABLES (continued)

Receivable from PT Amman Mineral Industri ("AMIN") represents receivable for cost reimbursement of smelter project which PT Medco Power Generation Indonesia ("MPGI"), a wholly-owned subsidiary, was appointed as the business entity managing the project and communicating with external parties.

On August 23, 2016, the Company signed a Shareholder Facility Agreement with PT Amman Mineral Investama ("AMIV"), wherein the Company provided loan amounting to US$246,000,000 which will mature on August 23, 2021. The loan bears interest at 2% above the other interest rate applicable in AMIV per annum.

On September 28, 2017, AMIV signed amendment to the Shareholders Facility Agreement with the Company, and agreed to change the term to be payable on demand at any time prior to the termination date upon the delivery of a written request from the Company to AMIV. On January 2, 2018, the remaining outstanding receivable balance from AMIV has been converted into shares in AMIV (Note 14).

On January 1, 2018, receivable from AMIV amounting to US$137,923,011 has been converted to notes receivables to PT AP Investment ("API"). On December 21, 2018, this notes receivable has been novated by the Company to PT Medco Services Indonesia ("MSI"), a wholly-owned indirect subsidiary. On December 26, 2018, this notes receivable has been converted to 5.10% ownership in PT Amman Mineral Internasional ("AMI") (Notes 38 and 46).

Reimbursable Value Added Tax (VAT) represents VAT paid by subsidiaries involved in oil and gas exploration and production and geothermal in Indonesia which is reimbursable from Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (SKK Migas) and Government.

Receivables from Joint Operations represent receivables from Joint Operations partners relating to oil and gas exploration and production activities.

7. PIUTANG LAIN-LAIN (lanjutan)

Piutang dari PT Donggi Senoro LNG (DSLNG) pada tanggal 31 Desember 2018, 2017 dan 2016 terutama merupakan pinjaman atas pembiayaan proyek *liquefied natural gas* yang sedang berjalan. Piutang ini dikenakan bunga sebesar LIBOR ditambah margin 3,75% per tahun.

Piutang atas uang muka merupakan uang muka untuk proyek pembangunan pembangkit listrik. Piutang ini berjangka waktu lebih dari satu tahun.

Piutang atas denda merupakan denda yang harus dibayarkan oleh Hyundai Engineering & Construction Co Ltd kepada Grup dikarenakan oleh keterlambatan penyelesaian proyek Sarulla Geothermal.

Piutang *underlifting* dari SKK Migas pada tanggal 31 Desember 2018 berasal dari Blok Rimau dan Blok A Malaka. Piutang *underlifting* dari SKK Migas pada tanggal 31 Desember 2016 berasal dari Blok Rimau dan Blok Senoro-Toili.

Berdasarkan penelaahan status akun piutang lain-lain pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa cadangan penurunan nilai piutang lain-lain cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya akun-akun tersebut.

7. OTHER RECEIVABLES (continued)

Receivables from PT Donggi Senoro LNG (DSLNG) as of December 31, 2018, 2017 and 2016, mainly represented loan to finance the ongoing liquefied natural gas project. The receivable was charged interest at LIBOR plus 3.75% per annum.

Advance receivables pertain to advances for power plant construction project. These receivables are due more than one year.

Receivables from penalty pertain to penalty which are due from Hyundai Engineering & Construction Co Ltd to the Group due to a delay in completing Sarulla Geothermal project on time.

The underlifting receivable as of December 31, 2018 from SKK Migas relates to Block Rimau and Block A Malaka. The underlifting receivable as of December 31, 2016 from SKK Migas relates to Block Rimau and Block Senoro-Toili.

Based on the review of other receivables as of December 31, 2018, 2017 and 2016, management is of the opinion that the allowance for impairment of other receivables is adequate to cover possible losses on uncollectible accounts.

8. PIUTANG SEWA PEMBIAYAAN

Akun ini terutama terdiri dari Perjanjian Pembelian Listrik entitas anak tertentu dari PT Medco Power Indonesia yang dicatat sebagai sewa pembiayaan. Syarat perjanjian kontraktual sewa disajikan pada Catatan 47.

Pembayaran sewa minimum di masa mendatang dalam sewa pembiayaan dengan nilai kini pembayaran sewa minimum adalah sebagai berikut:

8. FINANCE LEASE RECEIVABLES

This account comprises mainly of Power Purchase Agreement of certain subsidiaries of PT Medco Power Indonesia that are accounted for as finance leases. The terms of the contractual lease arrangements are disclosed in Note 47.

The future minimum lease payments under finance lease with the present value of the net minimum lease payments are as follows:

	2018	2017	2016	
Kurang dari satu tahun	33.491.456	33.068.881	-	*Within one year*
Lebih dari satu tahun sampai lima tahun	135.627.038	132.312.817	-	*After one year but not more than five years*
Lebih dari lima tahun	201.551.067	220.375.096	-	*More than five years*
Jumlah	370.669.561	385.756.794	-	*Total*
Dikurangi jumlah yang berlaku untuk bunga	(193.658.057)	(212.390.120)	-	*Less amount applicable to interest*
Nilai kini dari pembayaran sewa minimum	177.011.504	173.366.674	-	*Present value of minimum lease payments*
Penyesuaian nilai wajar	71.623.172	79.086.329	-	*Fair value adjustment*
Jumlah	**248.634.676**	**252.453.003**	**-**	***Total***
Dikurangi bagian yang jatuh tempo dalam satu tahun	14.703.089	7.876.306	-	*Less current maturities*
Bagian jangka panjang - neto	**233.931.587**	**244.576.697**	**-**	***Long-term maturities - net***

8. PIUTANG SEWA PEMBIAYAAN (lanjutan)

Pada tanggal 31 Desember 2018 dan 2017, piutang sewa pembiayaan telah diasuransikan kepada berbagai perusahaan asuransi (Catatan 16). Manajemen memiliki keyakinan bahwa nilai pertanggungan cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Berdasarkan penelaahan status akun piutang sewa pembiayaan pada tanggal 31 Desember 2018 dan 2017, manajemen berpendapat bahwa seluruh piutang sewa pembiayaan dapat direalisasikan dan tidak ada penyisihan kerugian penurunan nilai yang dibutuhkan.

8. FINANCE LEASE RECEIVABLES (continued)

As of December 31, 2018 and 2017, all finance lease receivables were insured with various insurance companies (Note 16). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Based on the review of finance lease receivables as of December 31, 2018 and 2017, management is of the opinion that all finance lease receivables are realizable and no provision for impairment is necessary to be provided.

9. ASET KEUANGAN KONSESI

Akun ini merupakan piutang dari PT Perusahaan Listrik Negara (Persero) ("PLN") terkait Kontrak Penjualan Energi kepada Sarulla Geothermal Operation ("GKPB") dan PT Medco Ratch Power Riau ("MRPR") yang dicatat sebagai konsesi jasa. Pergerakan dari aset konsesi adalah sebagai berikut:

9. CONCESSION FINANCIAL ASSETS

This account represents receivable from PT Perusahaan Listrik Negara (Persero) ("PLN") related to the Energy Sales Contract to Sarulla Geothermal Operation ("JOCG") and PT Medco Ratch Power Riau ("MRPR") that are accounted for as service concession arrangement. The movements in the concession financial assets are as follows:

2018	2017	2016	
Saldo awal	545.109.475	-	-	*Beginning balance*
Akuisi entitas anak	-	517.993.508	-	*Acquisition of a subsidiary*
Penambahan:				*Additions:*
Pendapatan konstruksi	66.908.159	22.107.361	-	*Construction revenue*
Pendapatan bunga dari jasa konsesi	49.770.192	13.236.340	-	*Finance income from service concession*
Jasa operasi dan pemeliharaan	14.797.807	1.569.816	-	*Operation and maintenance service*
Penerimaan dari PLN	(68.334.371)	(13.362.265)	-	*Collection from PLN*
Penyesuaian nilai wajar	-	3.908.362	-	*Fair value adjustment*
Amortisasi terhadap penyesuaian nilai wajar	(193.803)	-	-	*Amortization on fair value adjustment*
Penyesuaian translasi	-	(343.647)	-	*Translation adjustments*
Saldo akhir	**608.057.459**	**545.109.475**	**-**	***Ending balance***
Dikurangi bagian yang jatuh tempo dalam satu tahun	75.741.819	70.039.484	-	*Less current maturities*
Bagian jangka panjang - neto	**532.315.640**	**475.069.991**	**-**	***Long-term maturities - net***

Aset keuangan konsesi digunakan sebagai jaminan atas pinjaman yang diperoleh PT Medco Geopower Sarulla melalui Operasi GKPB Sarulla Geothermal (Catatan 27).

Berdasarkan penelaahan status akun aset keuangan konsesi pada tanggal 31 Desember 2018 dan 2017, manajemen berpendapat bahwa seluruh aset keuangan konsesi dapat direalisasikan dan tidak ada penyisihan kerugian penurunan nilai yang dibutuhkan.

Concession financial assets are used as collateral to the loan obtained by PT Medco Geopower Sarulla through JOCG Sarulla Geothermal Operation (Note 27).

Based on the review of concession financial assets as of December 31, 2018 and 2017, management is of the opinion that all concession financial assets are realizable and no provision for impairment is necessary to be provided.

10. PERSEDIAAN / *10. INVENTORIES*

Persediaan terdiri dari: / *Inventories consist of:*

	2018	2017	2016	
Suku cadang, perlengkapan sumur dan lainnya	62.582.571	89.094.207	70.473.465	*Spareparts, well supplies and others*
Cadangan keusangan dan penurunan nilai	(265.195)	(182.695)	(182.695)	*Allowance for obsolescence and decline in value*
Neto	**62.317.376**	**88.911.512**	**70.290.770**	***Net***

Perubahan cadangan keusangan persediaan adalah sebagai berikut: / *The movement in the allowance for obsolescence is as follows:*

	2018	2017	2016	
Saldo awal tahun	182.695	182.695	182.695	*Balance at beginning of year*
Pencadangan selama tahun berjalan	82.500	-	-	*Provision during the year*
Saldo akhir tahun	**265.195**	**182.695**	**182.695**	***Balance at end of year***

Pada tanggal 31 Desember 2018, 2017 dan 2016, seluruh persediaan telah diasuransikan kepada berbagai perusahaan asuransi (Catatan 16 dan 19). Manajemen memiliki keyakinan bahwa nilai pertanggungan cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

As of December 31, 2018, 2017 and 2016, all inventories were insured with various insurance companies (Notes 16 and 19). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Berdasarkan hasil penelaahan terhadap kondisi fisik dan nilai realisasi neto dari persediaan pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa cadangan keusangan dan penurunan nilai persediaan adalah cukup.

Based on the review of the physical condition and net realizable values of inventories as of December 31, 2018, 2017 and 2016, management is of the opinion that the allowance for obsolescence and decline in value is adequate.

11. PAJAK DIBAYAR DI MUKA / *11. PREPAID TAXES*

Rincian akun ini adalah sebagai berikut: / *The details of this account are as follows:*

	2018	2017	2016	
Perusahaan				*The Company*
Pajak Pertambahan Nilai (PPN)	1.701.155	810.744	112.387	*Value Added Tax (VAT)*
Lebih bayar Pajak Penghasilan Badan	2.018.072	-	4.115.915	*Corporate Income Tax overpayments*
Sub-jumlah	3.719.227	810.744	4.228.302	*Sub-total*
Entitas anak				*Subsidiaries*
PPN	1.274.237	1.463.945	11.395	*VAT*
Lebih bayar Pajak Penghasilan Badan	3.567.851	899.296	5.042	*Corporate Income Tax overpayments*
Sub-jumlah	4.842.088	2.363.241	16.437	*Sub-total*
Jumlah	**8.561.315**	**3.173.985**	**4.244.739**	***Total***

12. BEBAN DIBAYAR DI MUKA / *12. PREPAID EXPENSES*

Rincian akun ini adalah sebagai berikut: / *The details of this account are as follows:*

	2018	2017	2016	
Asuransi	3.693.494	3.330.608	3.097.851	*Insurance*
Sewa	2.245.799	2.942.575	644.499	*Rental*
Lain-lain	3.083.837	2.532.750	998.867	*Others*
Jumlah	**9.023.130**	**8.805.933**	**4.741.217**	***Total***

13. DEPOSITO DAN REKENING BANK YANG DIBATASI PENGGUNAANNYA / *13. RESTRICTED TIME DEPOSITS AND CASH IN BANKS*

Rincian akun ini adalah sebagai berikut: / *The details of this account are as follows:*

	2018	2017	2016	
Lancar				*Current*
Pihak berelasi				*Related party*
Rupiah				*Rupiah*
PT Bank Woori Saudara Indonesia 1906 Tbk	-	177.148	-	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Pihak ketiga				*Third parties*
Rupiah				*Rupiah*
PT Bank Negara Indonesia (Persero) Tbk	1.381.120	2.214.349	-	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Muamalat IndonesiaTbk	118.311	424.464	-	*PT Bank Muamalat IndonesiaTbk*
PT Bank Mandiri (Persero) Tbk	13.742	4.770.668	-	*PT Bank Mandiri (Persero) Tbk*
PT Bank Syariah Mandiri	-	2.473.694	-	*PT Bank Syariah Mandiri*
Dolar Amerika Serikat				*United States Dollar*
Standard Chartered Bank - Cabang Singapura	159.330.226	-	-	*Standard Chartered Bank - Singapore Branch*
DBS Bank Ltd	17.000.142	108.807.616	-	*DBS Bank Ltd*
PT Bank Mandiri (Persero) Tbk	16.889.797	10.770.340	-	*PT Bank Mandiri (Persero) Tbk*
Mizuho Bank Ltd	12.478.756	15.455.444	-	*Mizuho Bank Ltd*
PT Bank Syariah Mandiri	921.672	742.783	-	*PT Bank Syariah Mandiri*
Jumlah	**208.133.766**	**145.836.506**	**-**	***Total***
Tidak lancar				*Non-current*
Pihak berelasi				*Related party*
Rupiah				*Rupiah*
PT Bank Woori Saudara Indonesia 1906 Tbk	836.895	1.281.733	1.537.796	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Pihak ketiga				*Third parties*
Rupiah				*Rupiah*
PT Bank CIMB Niaga Tbk	393.619	585.405	727.983	*PT Bank CIMB Niaga Tbk*
PT Bank Mandiri (Persero) Tbk	130.718	137.641	136.204	*PT Bank Mandiri (Persero) Tbk*
Dolar Amerika Serikat				*United States Dollar*
ING Bank N.V., Cabang Singapura	-	3.881.623	-	*ING Bank N.V., Singapore Branch*
Jumlah	**1.361.232**	**5.886.402**	**2.401.983**	***Total***
Tingkat bunga per tahun				*Interest rate per annum*
Deposito yang dibatasi penggunaannya				*Restricted time deposits*
Rupiah	5,00% - 8,00%	3,00% - 6,25%	5,25% - 7,25%	*Rupiah*
Dolar Amerika Serikat	0,20% - 0,60%	0,20% - 0,60%	-	*United States Dollar*

13. DEPOSITO DAN REKENING BANK YANG DIBATASI PENGGUNAANNYA (lanjutan)

Deposito berjangka yang dibatasi penggunaannya (Rupiah) di PT Bank Negara Indonesia (Persero) Tbk pada tanggal 31 Desember 2018 dan 2017 disimpan sehubungan dengan Proyek Riau.

Saldo bank yang dibatasi penggunaannya (Rupiah) di PT Bank Muamalat Indonesia Tbk pada tanggal 31 Desember 2018 dan 2017 diadakan sehubungan dengan Proyek Cibalapulang dan *debt service accounts* untuk pembayaran pokok pinjaman dan bunga sesuai dengan ketentuan dalam perjanjian pinjaman dengan PT Bank Muamalat Indonesia Tbk (Catatan 27).

Saldo bank yang dibatasi penggunaannya (Rupiah) di PT Bank Mandiri (Persero) Tbk dan PT Bank Syariah Mandiri pada tanggal 31 Desember 2018 dan 2017 terdiri dari *debt service accounts* untuk pembayaran pokok pinjaman dan bunga dan *escrow accounts* untuk penerimaan penjualan, sesuai dengan perjanjian pinjaman dengan beberapa kreditur bank (Catatan 27).

Saldo bank yang dibatasi penggunaannya (Dolar AS) di Standard Chartered Bank Cabang Singapura pada 31 Desember 2018 terdiri dari *escrow account* untuk pembayaran kembali pinjaman dimana dananya berasal dari hasil penerbitan obligasi Dolar AS dan *interest reserve account* untuk pembayaran bunga atas obligasi Dolar AS yang diterbitkan oleh Medco Platinum Road Pte Ltd, entitas anak yang dimiliki sepenuhnya (Catatan 28).

Saldo bank yang dibatasi penggunaannya (Dolar AS) di DBS Bank Ltd pada 31 Desember 2018 terdiri dari *interest reserve account* untuk pembayaran bunga atas obligasi Dolar AS yang diterbitkan oleh Medco Strait Service Pte Ltd, entitas anak yang dimiliki sepenuhnya, sedangkan saldo bank yang dibatasi penggunaannya (Dolar AS) di DBS Bank Ltd pada 31 Desember 2017 terdiri dari *interest reserve account* dan *escrow account* untuk pembayaran kembali pinjaman dimana dananya berasal dari hasil penerbitan obligasi Dolar AS.

Saldo bank yang dibatasi penggunaannya (Dolar AS) di PT Bank Mandiri (Persero) Tbk pada tanggal 31 Desember 2018 dan 2017 merupakan rekening *Debt Service Reserve Accounts* ("DSRA") atas Fasilitas Kredit Transaksi Khusus VIII dan X dari PT Bank Mandiri (Persero) Tbk dan cadangan dana untuk tujuan akuisisi.

13. RESTRICTED TIME DEPOSITS AND CASH IN BANKS (continued)

Restricted time deposit (Rupiah) in PT Bank Negara Indonesia (Persero) Tbk as of December 31, 2018 and 2017 is maintained in connection with Riau Project.

Restricted cash in bank (Rupiah) in PT Bank Muamalat Indonesia Tbk as of December 31, 2018 and 2017 was maintained in connection with Cibalapulang Project and a debt service account for loan principal and interest payments in compliance with the provisions of the loan agreement with PT Bank Muamalat Indonesia Tbk (Note 27).

Restricted cash in banks (Rupiah) in PT Bank Mandiri (Persero) Tbk and PT Bank Syariah Mandiri as of December 31, 2018 and 2017 consists of debt service accounts for loan principal and interest payments and escrow accounts for sales collection, in compliance with the loan agreements with certain bank creditors (Note 27).

Restricted cash in banks (US Dollar) in Standard Chartered Bank Singapore Branch as of December 31, 2018 consists of escrow account for loan refinancing where the fund originated from US Dollar bonds and interest reserve account for interest payment of US Dollar Bonds issued by Medco Platinum Road Pte Ltd, a wholly-owned subsidiary (Note 28).

Restricted cash in banks (US Dollar) in DBS Bank Ltd as of December 31, 2018 consists of interest reserve account for interest payment of US Dollar Bonds issued by Medco Strait Services Pte Ltd, a wholly-owned subsidiary), while restricted cash in banks (US Dollar) in DBS Bank Ltd as of December 31, 2017 consists of interest reserve account and escrow account for loan refinancing where the fund originated from US Dollar bonds.

Restricted cash in bank (US Dollar) in PT Bank Mandiri (Persero) Tbk as of December 31, 2018 and 2017 is Debt Service Reserve Account ("DSRA") of Special Transaction Credit Facility VIII and X from PT Bank Mandiri (Persero) Tbk and fund reserve for acquisition purpose.

13. DEPOSITO DAN REKENING BANK YANG DIBATASI PENGGUNAANNYA (lanjutan)

Deposito berjangka yang dibatasi penggunaannya (Dolar AS) di PT Bank Mandiri (Persero) Tbk pada tanggal 31 Desember 2018 dan 2017 disimpan sehubungan dengan Proyek Ijen.

Saldo bank yang dibatasi penggunaannya (Dolar AS) di Mizuho Bank Ltd pada tanggal 31 Desember 2018 dan 2017 merupakan *reserve account* sesuai dengan yang dipersyaratkan dalam Perjanjian Fasilitas Pemberian Pinjaman yang diperoleh PT Medco Geopower Sarulla (Catatan 27).

Saldo bank yang dibatasi penggunaannya (Dolar AS) di PT Bank Syariah Mandiri pada tanggal 31 Desember 2018 dan 2017 terdiri dari *debt service account* untuk pembayaran pokok pinjaman dan bunga (Catatan 27).

Saldo deposito berjangka yang dibatasi penggunaannya (Rupiah) di PT Bank Woori Saudara Indonesia 1906 Tbk dan PT Bank CIMB Niaga Tbk pada tanggal 31 Desember 2018, 2017 dan 2016 merupakan deposito berjangka entitas anak yang terutama digunakan untuk jaminan utang karyawan.

Saldo bank yang dibatasi penggunaannya (Rupiah) di PT Bank Mandiri (Persero) Tbk pada tanggal 31 Desember 2018, 2017 dan 2016 merupakan rekening bank yang diblokir karena gugatan hukum (Catatan 48).

Saldo bank yang dibatasi pengunaannya (Dolar AS) di ING Bank N.V., Cabang Singapura pada tanggal 31 Desember 2017 disimpan sehubungan dengan Proyek Sarulla.

13. RESTRICTED TIME DEPOSITS AND CASH IN BANKS (continued)

Restricted time deposits (US Dollar) in PT Bank Mandiri (Persero) Tbk as of December 31, 2018 and 2017 are maintained in connection with Ijen Project.

Restricted cash in bank (US Dollar) in Mizuho Bank Ltd as of December 31, 2018 and 2017 represents reserve account as required under the Covered Lenders Facility Agreement received by PT Medco Geopower Sarulla (Note 27).

Restricted cash in bank (US Dollar) in PT Bank Syariah Mandiri as of December 31, 2018 and 2017 consists of a debt service account for loan principal and interest payments (Note 27).

Restricted time deposit accounts (Rupiah) in PT Bank Woori Saudara Indonesia 1906 Tbk and PT Bank CIMB Niaga Tbk as of December 31, 2018, 2017 and 2016 mainly represent the subsidiaries' time deposits used as collaterals for employees' loan.

Restricted cash in bank (Rupiah) in PT Bank Mandiri (Persero) Tbk as of December 31, 2018, 2017 and 2016 is a blocked bank account due to legal claim (Note 48).

Restricted cash in bank (US Dollar) in ING Bank N.V., Singapore Branch as of December 31, 2017 is maintained in connection with Sarulla Project.

14. INVESTASI JANGKA PANJANG / *14. LONG-TERM INVESTMENTS*

Akun ini terdiri dari sebagai berikut: / *This account consists of the following:*

	2018					
	Persentase kepemilikan/ *Percentage of ownership*	Nilai tercatat 1 Januari 2018/ *Carrying value January 1, 2018*	Penambahan/ *Additions* (Pengurangan)/ *(Deductions)*	Selisih kurs karena penjabaran laporan keuangan/ *Translation adjustments*	Perubahan *ekuitas/ Equity changes*	Nilai tercatat 31 Desember 2018/ *Carrying value December 31, 2018*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Internasional (AMI)	39,35%	-	903.290.569[1)]	-	(55.038.072)	848.252.497
Kuala Langsa (Block-A) Limited (KLL)	50,00%	362.236	-	-	(537)	361.699
Sub-jumlah/*Sub-total*		362.236	903.290.569	-	(55.038.609)	848.614.196
Metode biaya perolehan/*Cost method*						
PT Donggi Senoro LNG (DSLNG)	11,11%	105.061.501	-	-	-	105.061.501
PT Medco Daya Sentosa (MDS)	1,00%	418	-	-	-	418
Sub-jumlah/*Sub-total*		105.061.919	-	-	-	105.061.919
Sub-jumlah/*Sub-total*		105.424.155	903.290.569	-	(55.038.609)	953.676.115
Ventura bersama/*Joint venture*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Investama (AMIV)	50,00%	781.903.716	(781.903.716)[1)]	-	-	-
Jumlah/*Total*		**887.327.871**	**121.386.853**	**-**	**(55.038.609)**	**953.676.115**

	2017					
	Persentase kepemilikan/ *Percentage of ownership*	Nilai tercatat 1 Januari 2017/ *Carrying value January 1, 2017*	Penambahan/ *Additions* (Pengurangan)/ *(Deductions)*	Selisih kurs karena penjabaran laporan keuangan/ *Translation adjustments*	Perubahan *ekuitas/ Equity changes*	Nilai tercatat 31 Desember 2017/ *Carrying value December 31, 2017*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
Kuala Langsa (Block-A) Limited (KLL)	50,00%	362.292	-	-	(56)	362.236
PT Medco Power Indonesia (MPI)	49,00%	108.774.094	(115.694.272)[2)]	(327.117)	7.247.295	-
Sub-jumlah/*Sub-total*		109.136.386	(115.694.272)	(327.117)	7.247.239	362.236
Metode biaya perolehan/*Cost method*						
PT Donggi Senoro LNG (DSLNG)	11,11%	-	105.061.501[3)]	-	-	105.061.501
PT Medco Daya Sentosa (MDS)	1,00%	-	418	-	-	418
Sub-jumlah/*Sub-total*		-	105.061.919	-	-	105.061.919
Sub-jumlah/*Sub-total*		109.136.386	(10.632.353)	(327.117)	7.247.239	105.424.155
Ventura bersama/*Joint venture*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Investama (AMIV)	50,00%	815.360.757	-	-	(33.457.041)	781.903.716
Jumlah/*Total*		**924.497.143**	**(10.632.353)**	**(327.117)**	**(26.209.802)**	**887.327.871**

14. INVESTASI JANGKA PANJANG / *14. LONG-TERM INVESTMENTS*

	2016					
	Persentase kepemilikan/ *Percentage of ownership*	Nilai tercatat 1 Januari 2016/ *Carrying value January 1, 2016*	Penambahan/ *Additions* (Pengurangan)/ *(Deductions)*	Selisih kurs karena penjabaran laporan keuangan/ *Translation adjustments*	Perubahan *ekuitas*/ *Equity changes*	Nilai tercatat 31 Desember 2016/ *Carrying value December 31, 2016*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
PT Medco Power Indonesia (MPI)	49,00%	102.173.004	-	2.037.697	4.563.393	108.774.094
Kuala Langsa (Block-A) Limited (KLL)	50,00%	1.177.111	-	-	(814.819)	362.292
PT Satria Raksa Buminusa (SRB)	30,00%	279.605	(453.404)	-	173.799	-
PT Musi Raksa Buminusa (MRB)	30,00%	-	-	-	-	-
Sub-jumlah/*Sub-total*		103.629.720	(453.404)	2.037.697	3.922.373	109.136.386
Metode biaya perolehan/*Cost method*						
PT Donggi Senoro LNG (DSLNG)	11,11%	105.061.501	(105.061.501)[4)]	-	-	-
Sub-jumlah/*Sub-total*		208.691.221	(105.514.905)	2.037.697	3.922.373	109.136.386
Ventura bersama/*Joint venture*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Investama (AMIV)	50,00%	-	871.207.660	-	(55.846.903)	815.360.757
Jumlah/*Total*		**208.691.221**	**765.692.755**	**2.037.697**	**(51.924.530)**	**924.497.143**

1) Pada bulan Januari 2018, melalui serangkaian transaksi, Grup telah melakukan pertukaran atas 50% saham PT AMIV menjadi 39,35% saham atas PT Amman Mineral Internasional ("AMI").

1) In January 2018, through series of transactions, the Group has conducted an exchange of 50% stake in AMIV to 39.35% stake in PT Amman Mineral Internasional ("AMI").

2) Pada tanggal 3 Oktober 2017, Grup mengakuisi 77,7% saham kepemilikan PT Saratoga Power untuk menambahkan kepemilikan atas MPI menjadi 88,6%. Sejak tanggal efektif akuisisi tersebut, MPI menjadi entitas anak Grup (Catatan 46).

2) On October 3, 2017, the Group acquired 77.7% share ownership in PT Saratoga Power that increased its ownership in MPI to 88.6%. Starting from the effective date of the acquisition, MPI became a subsidiary of the Group (Note 46).

3) Direklasifikasi dari "Aset Tidak Lancar yang Diklasifikasikan Sebagai Dimiliki untuk Dijual" (Catatan 38).

3) Reclassified from "Non-current Assets Classified As Held for Sale" (Note 38).

4) Direklasifikasi ke "Aset Tidak Lancar yang Diklasifikasikan Sebagai Dimiliki untuk Dijual" (Catatan 38).

4) Reclassified to "Non-current Assets Classified As Held for Sale" (Note 38).

Tabel berikut menyajikan perubahan ekuitas pada entitas asosiasi dan ventura bersama:

The following table illustrates the equity changes in associates and joint venture:

	2018					
	Persentase kepemilikan/ *Percentage of ownership*	Laba (rugi) tahun berjalan/ *Profit (loss) for the year*	Pendapatan komprehensif lain/ *Other comprehensive income*	Dividen yang dideklarasikan/ *Dividends declared*	Dampak perubahan transaksi ekuitas/ *Effect of changes in equity transactions*	Jumlah/ *Total*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
PT Amman Mineral International (AMI)	39,35%	(66.740.666)	11.702.594	-	-	(55.038.072)
Kuala Langsa (Block-A) Limited (KLL)	50,00%	(537)	-	-	-	(537)
Jumlah/*Total*		**(66.741.203)**	**11.702.594**	**-**	**-**	**(55.038.609)**

14. INVESTASI JANGKA PANJANG (lanjutan) / *14. LONG-TERM INVESTMENTS (continued)*

	2017					
	Persentase kepemilikan/ *Percentage of ownership*	Laba (rugi) tahun berjalan/ *Profit (loss) for the year*	Pendapatan komprehensif lain/ *Other comprehensive income*	Dividen yang dideklarasikan/ *Dividends declared*	Dampak perubahan transaksi ekuitas/ *Effect of changes in equity transactions*	Jumlah/ *Total*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
Kuala Langsa (Block-A) Limited (KLL)	50,00%	(56)	-	-	-	(56)
PT Medco Power Indonesia (MPI)	49,00%	6.694.527	552.768	-	-	7.247.295
Sub-jumlah/*Sub-total*		6.694.471	552.768	-	-	7.247.239
Ventura bersama/*Joint venture*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Investama (AMIV)	50,00%	(43.646.288)	10.189.247	-	-	(33.457.041)
Jumlah/*Total*		**(36.951.817)**	**10.742.015**	**-**	**-**	**(26.209.802)**

	2016					
	Persentase kepemilikan/ *Percentage of ownership*	Laba (rugi) tahun berjalan/ *Profit (loss) for the year*	Pendapatan komprehensif lain/ *Other comprehensive income*	Dividen yang dideklarasikan/ *Dividends declared*	Dampak perubahan transaksi ekuitas/ *Effect of changes in equity transactions*	Jumlah/ *Total*
Entitas asosiasi/*Associates*						
Metode ekuitas/*Equity method*						
PT Medco Power Indonesia (MPI)	49,00%	4.099.586	463.807	-	-	4.563.393
Kuala Langsa (Block-A) Limited (KLL)	50,00%	(64.819)	-	(750.000)	-	(814.819)
PT Satria Raksa Buminusa (SRB)	30,00%	173.799	-	-	-	173.799
PT Musi Raksa Buminusa (MRB)	30,00%	-	-	-	-	-
Sub-jumlah/*Sub-total*		4.208.566	463.807	(750.000)	-	3.922.373
Ventura bersama/*Joint venture*						
Metode ekuitas/*Equity method*						
PT Amman Mineral Investama (AMIV)	50,00%	(31.236.894)	(24.610.009)	-	-	(55.846.903)
Jumlah/*Total*		**(27.028.328)**	**(24.146.202)**	**(750.000)**	-	**(51.924.530)**

Tabel berikut menyajikan ringkasan informasi keuangan entitas asosiasi dan ventura bersama:

The following table illustrates the summarized financial information of the associates and joint venture:

Laporan posisi keuangan: / ***Statement of financial position:***

	2018									
	Aset lancar/ *Current assets*	Aset tidak lancar/ *Non-current assets*	Liabilitas jangka pendek/ *Current liabilities*	Liabilitas jangka panjang/ *Non-current liabilities*	Ekuitas entitas induk/ *Equity of parent company*	Kepentingan non-pengendali/ *Non-controlling interest*	Persentase kepemilikan/ *Percentage of ownership*	Bagian Grup atas aset net/ *The Group's share of net assets*	Penyesuaian ekuitas/ *Equity adjustment*	Nilai tercatat investasi/ *Investment carrying value*
Entitas asosiasi/*Associate*										
PT Amman Mineral Internasional (AMI)[1)]	886.112.785	3.243.695.711	254.149.283	1.388.398.130	1.922.063.820	565.197.263	39,35%	756.332.113	91.920.384	848.252.497
Kuala Langsa (Block-A) Limited (KLL)	575.949	159.185	11.736	-	723.398	-	50,00%	361.699	-	361.699
Jumlah/*Total*	**886.688.734**	**3.243.854.896**	**254.161.019**	**1.388.398.130**	**1.922.787.218**	**565.197.263**		**756.693.812**	**91.920.384**	**848.614.196**

14. INVESTASI JANGKA PANJANG (lanjutan) / *14. LONG-TERM INVESTMENTS (continued)*

Laporan posisi keuangan (lanjutan): / ***Statement of financial position (continued):***

	2017									
	Aset lancar/ *Current assets*	Aset tidak lancar/ *Non-current assets*	Liabilitas jangka pendek/ *Current liabilities*	Liabilitas jangka panjang/ *Non-current liabilities*	Ekuitas entitas induk/ *Equity of parent company*	Kepentingan non-pengendali/ *Non-controlling interest*	Persentase kepemilikan/ *Percentage of ownership*	Bagian Grup atas aset neto/ *The Group's share of net assets*	Penyesuaian ekuitas/ *Equity adjustment*	Nilai tercatat investasi/ *Investment carrying value*
Entitas asosiasi/*Associate*										
Kuala Langsa (Block-A) Limited (KLL)	575.916	159.185	10.629	-	724.472	-	50,00%	362.236	-	362.236
Ventura bersama/ *Joint venture*										
PT Amman Mineral Investama (AMIV)[1]	941.772.845	3.413.809.161	788.872.660	1.409.633.273	1.563.807.432	593.268.641	50,00%	781.903.716	-	781.903.716
Jumlah/*Total*	**942.348.761**	**3.413.968.346**	**788.883.289**	**1.409.633.273**	**1.564.531.904**	**593.268.641**		**782.265.952**	**-**	**782.265.952**

	2016									
	Aset lancar/ *Current assets*	Aset tidak lancar/ *Non-current assets*	Liabilitas jangka pendek/ *Current liabilities*	Liabilitas jangka panjang/ *Non-current liabilities*	Ekuitas entitas induk/ *Equity of parent company*	Kepentingan non-pengendali/ *Non-controlling interest*	Persentase kepemilikan/ *Percentage of ownership*	Bagian Grup atas aset neto/ *The Group's share of net assets*	Penyesuaian ekuitas/ *Equity adjustment*	Nilai tercatat investasi/ *Investment carrying value*
Entitas asosiasi/*Associates*										
PT Medco Power Indonesia (MPI)[1]	170.376.548	671.876.916	119.774.222	515.305.804	160.840.646	46.332.792	49,00%	78.811.916	29.962.178	108.774.094
Kuala Langsa (Block-A) Limited (KLL)	576.149	159.185	10.750	-	724.584	-	50,00%	362.292	-	362.292
Sub-jumlah/*Sub-total*	170.952.697	672.036.101	119.784.972	515.305.804	161.565.230	46.332.792		79.174.208	29.962.178	109.136.386
Ventura bersama/ *Joint venture*										
PT Amman Mineral Investama (AMIV)[1]	1.178.444.817	3.325.273.154	1.490.150.518	835.407.961	1.630.721.514	547.437.978	50,00%	815.360.757	-	815.360.757
Jumlah/*Total*	**1.349.397.514**	**3.997.309.255**	**1.609.935.490**	**1.350.713.765**	**1.792.286.744**	**593.770.770**		**894.534.965**	**29.962.178**	**924.497.143**

1) Ringkasan informasi keuangan entitas asosiasi/ventura bersama berdasarkan angka konsolidasi.

1) The summarized financial information of the associate/joint venture are based on consolidated amounts.

Laporan laba rugi dan penghasilan komprehensif lain: / ***Statement of profit or loss and other comprehensive income*:**

	2018					
	Pendapatan neto/ *Net revenues*	**Laba (rugi)/ *Profit (loss)***	**Pendapatan kompehensif lain/ *Other comprehensive income***	**Jumlah penghasilan (rugi) komprehensif/ *Total comprehensive income (loss)***	**Persentase kepemilikan/ *Percentage of ownership***	**Bagian investor atas laba (rugi)/ *Investor's share on profit (loss)***
Entitas asosiasi/*Associates*						
PT Amman Mineral Internasional (AMI)[1]	433.087.000	(169.607.792)	29.739.755	(139.868.037)	39,35%	(66.740.666)
Kuala Langsa (Block-A) Limited (KLL)	-	(1.074)	-	(1.074)	50,00%	(537)
Jumlah/Total	**433.087.000**	**(169.608.866)**	**29.739.755**	**(139.869.111)**		**(66.741.203)**

14. INVESTASI JANGKA PANJANG (lanjutan) / *14. LONG-TERM INVESTMENTS (continued)*

Laporan laba rugi dan penghasilan komprehensif lain (lanjutan): / ***Statement of profit or loss and other comprehensive income (continued):***

2017

	Pendapatan neto/ *Net revenues*	Laba (rugi)/ *Profit (loss)*	Pendapatan kompehensif lain/ *Other comprehensive income*	Jumlah penghasilan (rugi) komprehensif/ *Total comprehensive income (loss)*	Persentase kepemilikan/ *Percentage of ownership*	Bagian investor atas laba (rugi)/ *Investor's share on profit (loss)*
Entitas asosiasi/*Associates*						
Kuala Langsa (Block-A) Limited (KLL)	-	(112)	-	(112)	50,00%	(56)
PT Medco Power Indonesia (MPI) [1)2)]	210.914.804	13.662.301	1.128.098	14.790.399	49,00%	6.694.527
Sub-jumlah/*Sub-total*	210.914.804	13.662.189	1.128.098	14.790.287		6.694.471
Ventura bersama/ *Joint venture*						
PT Amman Mineral Investama (AMIV) [1)]	1.496.629.479	(87.292.576)	20.378.493	(66.914.083)	50,00%	(43.646.288)
Jumlah/*Total*	**1.707.544.283**	**(73.630.387)**	**21.506.591**	**(52.123.796)**		**(36.951.817)**

2016

	Pendapatan neto/ *Net revenues*	Laba (rugi)/ *Profit (loss)*	Pendapatan kompehensif lain/ *Other comprehensive income*	Jumlah penghasilan (rugi) komprehensif/ *Total comprehensive income (loss)*	Persentase kepemilikan/ *Percentage of ownership*	Bagian investor atas laba (rugi)/ *Investor's share on profit (loss)*
Entitas asosiasi/*Associates*						
PT Medco Power Indonesia (MPI) [1)]	267.730.783	8.366.503	946.545	9.313.048	49%	4.099.586
Kuala Langsa (Block-A) Limited (KLL)	-	(129.638)	-	(129.638)	50%	(64.819)
PT Satria Raksa Buminusa (SRB)	6.915.333	579.330	-	579.330	30%	173.799
PT Musi Raksa Buminusa (MRB)	-	(2.469)	-	(2.469)	30%	-
Sub-jumlah/*Sub-total*	274.646.116	8.813.726	946.545	9.760.271		4.208.566
Ventura bersama/ *Joint venture*						
PT Amman Mineral Investama (AMIV) [1)]	156.051.099	(62.473.788)	(49.220.018)	(111.693.806)	50%	(31.236.894)
Jumlah/*Total*	**430.697.215**	**(53.660.062)**	**(48.273.473)**	**(101.933.535)**		**(27.028.328)**

1) Ringkasan informasi keuangan entitas asosiasi/ventura bersama berdasarkan angka konsolidasi.

2) Laba dari entitas asosiasi sampai dengan 30 September 2017 (sebelum tanggal akuisisi 77,68% kepemilikan atas PT Saratoga Power).

1) The summarized financial information of the associate/joint venture are based on consolidated amounts.

2) The profit amounts of the associate are until September 30, 2017 (before the acquisition date of 77.68% interest in PT Saratoga Power).

14. INVESTASI JANGKA PANJANG (lanjutan)

Entitas asosiasi dan ventura bersama tidak mempunyai komitmen modal dan kontinjensi pada tanggal 31 Desember 2018, 2017 dan 2016 kecuali imbalan kontinjensi ventura bersama terkait akuisisi seperti yang diungkapkan pada Catatan 46.

Tidak ada pembatasan signifikan atas kemampuan entitas asosiasi dan ventura bersama untuk mentransfer dana kepada Grup, kecuali untuk AMI.

Kuala Langsa (Block A) Limited

Kuala Langsa (Block A) Limited (KLL) sebelumnya memegang hak partisipasi Blok A, yang saat ini telah dipindahkan ke PT Medco E & P Malaka dan KrisEnergy (Block A Aceh) B.V..

PT Medco Power Indonesia

Grup melakukan bisnis ketenagalistrikan melalui PT Medco Power Indonesia (MPI), yang sejak Desember 2011 dimiliki bersama oleh PT Saratoga Power (Saratoga) dan Grup masing-masing sebesar 51% dan 49%.

Pada tanggal 3 Oktober 2017, Grup mengakuisisi 77,7% saham kepemilikan Saratoga untuk menambahkan kepemilikan atas MPI menjadi 88,6%. Sejak tanggal efektif akuisisi tersebut, MPI menjadi entitas anak Grup (Catatan 46).

Grup mengakui keuntungan neto sebesar AS$16,1 juta atas pengukuran kembali 49% kepentingan yang dimiliki sebelumnya di MPI pada nilai wajar tanggal akuisisi. Keuntungan ini diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun 2017.

PT Satria Raksa Buminusa dan PT Musi Raksa Buminusa

Grup melakukan bisnis penyediaan jasa tenaga kerja, khususnya dalam bidang keamanan melalui PT Satria Raksa Buminusa ("SRB") dan PT Musi Raksa Buminusa ("MRB").

Pada tanggal 29 Desember 2016, PT Medco Sarana Balaraja (entitas anak Grup) mengakuisi 70% saham kepemilikan SRB dan MRB untuk menambahkan kepemilikan atas SRB dan MRB menjadi 100%. Sejak tanggal efektif pengakuisisian tersebut, SRB dan MRB menjadi entitas anak Grup (Catatan 46).

14. LONG-TERM INVESTMENTS (continued)

The associates and joint venture had no capital commitments or contingent liabilities as of December 31, 2018, 2017 and 2016, except contingent considerations in relation to the acquisition of joint venture as disclosed in Note 46.

There are no significant restrictions on the ability of associates and joint venture entity to transfer funds to the Group, except for AMI.

Kuala Langsa (Block A) Limited

Kuala Langsa (Block A) Limited (KLL) previously held participating interest in Block A, which currently has been transferred to PT Medco E & P Malaka and KrisEnergy (Block A Aceh) B.V..

PT Medco Power Indonesia

The Group's power business is conducted through PT Medco Power Indonesia (MPI), with an ownership structure of PT Saratoga Power (Saratoga) and the Group by 51% and 49%, respectively, since December 2011.

On October 3, 2017, the Group acquired 77.7% share ownership in Saratoga that increased its ownership in MPI to 88.6%. Starting from the effective date of the acquisition, MPI became a subsidiary of the Group (Note 46).

The Group recognized a gain of US$16.1 million as a result of the remeasurement of its previously held 49% equity interest in MPI at its acquisition date fair value. The gain is recognized in the 2017 consolidated statement of profit or loss and other comprehensive income.

PT Satria Raksa Buminusa and PT Musi Raksa Buminusa

The Group conducts the business of providing labor services, particularly in the security field through PT Satria Raksa Buminusa ("SRB") and PT Musi Raksa Buminusa ("MRB").

On December 29, 2016, PT Medco Sarana Balaraja (a subsidiary of the Group) acquired 70% share ownership of SRB and MRB that increased its ownership of SRB and MRB to 100%. Starting from the effective date of acquisition, SRB and MRB became subsidiaries of the Group (Note 46).

14. INVESTASI JANGKA PANJANG (lanjutan)

PT Amman Mineral Investama

Grup mengakuisisi secara efektif 50% saham PT Amman Mineral Investama ("AMIV") pada November 2016 yang memiliki pengendalian tidak langsung atas 82,2% kepemilikan atas PT Amman Mineral Nusa Tenggara ("AMNT").

AMNT mengoperasikan tambang tembaga dan emas Batu Hijau di Kepulauan Sumbawa, Indonesia, dan memiliki akses terhadap beberapa prospek eksplorasi dan temuan cadangan yang besar di Elang di mana semuanya termasuk di dalam Kontrak Karya yang dimiliki.

Pada tanggal 10 Februari 2017, Kementrian Energi dan Sumber Daya Mineral (ESDM) mengeluarkan Izin Usaha Pertambangan Khusus (IUPK) untuk AMNT.

Pada bulan Januari 2018, melalui serangkaian transaksi, Grup telah melakukan pertukaran atas 50% saham PT AMIV menjadi 39,35% saham atas PT Amman Mineral Internasional ("AMI") yang memiliki pengendalian langsung atas 82,2% kepemilikan atas PT Amman Mineral Nusa Tenggara ("AMNT"). Pada tanggal 31 Desember 2018, Grup tidak lagi memiliki kepemilikan atas AMIV.

PT Amman Mineral Internasional

Perusahaan, API, AMI dan pemegang saham baru AMI, PT Sumber Gemilang Persada ("SGP"), melakukan serangkaian transaksi pada kuartal pertama 2018 sehingga Perusahaan, API dan SGP memiliki kepentingan di AMNT melalui AMI, dan persentase kepemilikan saham Perseroan dan API di AMI, turun masing-masing menjadi sebesar 39,35%, sedangkan SGP memiliki saham AMI sebesar 21,3%. Perusahaan mencatat kerugian karena dilusi dari transaksi ini sebesar AS$19,1 juta pada laporan laba rugi dan penghasilan komprehensif lain tanggal pada tahun 2018. Perusahaan berpendapat bahwa kerugian tersebut telah mencerminkan dampak atas perubahan hak Perusahaan atas bagian aset bersih dari AMI setelah transaksi tersebut.

Sebagai bagian dari rangkaian transaksi ini, pinjaman yang terutang kepada Perusahaan oleh AMIV sebesar AS$137,9 juta dikonversi menjadi Wesel Tagih Perusahaan kepada API pada tanggal 1 Januari 2018, sementara sisa pokok dan bunga terutang sebesar AS$140 juta dikonversi menjadi saham AMIV pada tanggal 2 Januari 2018 (Catatan 7).

14. LONG-TERM INVESTMENTS (continued)

PT Amman Mineral Investama

The Group effectively acquired 50% stake in PT Amman Mineral Investama ("AMIV") in November 2016 which has indirect control over 82.2% of PT Amman Mineral Nusa Tenggara ("AMNT").

AMNT operates Batu Hijau copper and gold mine on the Island of Sumbawa, Indonesia and has access to several exploration prospects as well as the large undeveloped Elang discovery within its Contract of Work.

On February 10, 2017, the Ministry of Energy and Mineral Resources (MOEMR) issued Special Mining Operation Permit (IUPK) for AMNT.

In January 2018, through series of transactions, the Group has conducted an exchange of 50% stake in AMIV to 39.35% stake in PT Amman Mineral Internasional ("AMI") which has direct control over 82.2% of PT Amman Mineral Nusa Tenggara ("AMNT"). As of December 31, 2018, the Group no longer has an ownership interest in AMIV.

PT Amman Mineral Internasional

The Company, API, AMI and a new shareholder of AMI, PT Sumber Gemilang Persada ("SGP"), entered into a series of transactions in the first quarter of 2018 pursuant to which the Company, API and SGP now hold interest in AMNT through AMI, and the Company and API's shareholding in AMI was reduced to 39.35% each, while SGP owns 21.3% of AMI. The Company recorded US$19.1 million dilution loss from this transaction in the 2018 consolidated statement of profit or loss and other comprehensive. The Company is in the opinion that the loss already represented the effect of changes of the Company's rights on the net assets of AMI after such transaction.

As part of the series of transactions, the shareholder loan including interest of the loan owed by AMIV amounting to US$137.9 million was converted into notes receivable from API on January 1, 2018. The remaining outstanding loan principal and interest amounting to US$140 million was converted into equity in AMIV on January 2, 2018 (Note 7).

14. INVESTASI JANGKA PANJANG (lanjutan)

PT Amman Mineral Internasional (lanjutan)

Selama tahun 2018, API mengurangi kepemilikannya di AMI sehingga pada tanggal 31 Desember 2018, struktur pemegang saham AMI menjadi sebagai berikut: Perusahaan sebesar 39,35%, API sebesar 18,18%, SGP sebesar 37,37% dan PT Medco Services Indonesia ("MSI") (entitas anak yang secara tidak langsung dari Perusahaan yang diklasifikasikan dan disajikan sebagai "Asset dimiliki untuk dijual dan Operasi yang Dihentikan") (Catatan 38) sebesar 5,10%. Berdasarkan struktur pemegang saham saat ini, tidak lagi terdapat indikasi adanya pengendalian bersama antara Grup dan API. Dengan demikian, pada tanggal 31 Desember 2018, investasi Grup di AMI diklasifikasikan sebagai investasi pada entitas asosiasi dengan tetap menggunakan metode ekuitas.

Pada tanggal pelaporan, manajemen berpendapat tidak terdapat penurunan nilai atas investasi jangka panjang.

14. LONG-TERM INVESTMENTS (continued)

PT Amman Mineral Internasional (continued)

During 2018, API reduced its shareholding in AMI so on December 31, 2018, the shareholding structure of AMI became as follows: the Company by 39.35%, API by 18.18%, SGP by 37.37% and PT Medco Services Indonesia ("MSI") (an indirect subsidiary of the Company which is classified and presented as part of "Assets held for sale and Discontinued Operation") (Note 38) by 5.10%. Based on the current shareholding structure, there is no more indication of joint control between the Group and API. Therefore, as of December 31, 2018, the Group's investment in AMI is considered as investment in associate and continues to be accounted for using the equity method.

At reporting date, the management is in the opinion that there is no impairment in the long-term investments.

15. INVESTASI PADA PROYEK

Investasi pada proyek pada tanggal 31 Desember 2016 sebesar AS$22.674.035. Akun ini merupakan pengeluaran untuk Proyek Jeruk yang dibayarkan oleh Grup kepada Cue Sampang Pty Ltd ("Cue") dan Singapore Petroleum Company Ltd ("SPC") dimana keduanya adalah pemilik hak partisipasi, sesuai dengan Perjanjian Ekonomis Jeruk yang dilakukan Grup dengan Cue dan SPC pada tanggal 4 Januari 2006. Dalam perjanjian tersebut, Grup berhak memperoleh pengembalian atas pengeluaran tersebut dari Cue dan SPC pada saat Lapangan Oyong di Blok Sampang mulai berproduksi dan saat Cue dan SPC telah sepenuhnya memperoleh pengembalian atas seluruh biaya terkait. Pada bulan Mei dan Juni 2017, Grup telah menerima pengembalian dari Cue dan SPC sejumlah AS$25 juta. Selisih antara kas yang diterima dengan nilai tercatat diakui sebagai bagian dari "Pendapatan lain-lain" pada tahun 2017.

15. INVESTMENT IN PROJECT

Investment in project as of December 31, 2016 amounted to US$22,674,035. This account represents disbursements for the Jeruk Project made by the Group to Cue Sampang Pty Ltd ("Cue") and Singapore Petroleum Company Ltd ("SPC"), owners of the participating interest, in accordance with the Jeruk Economic Agreement entered into by the Group with Cue and SPC on January 4, 2006. Under the agreement, the Group is entitled to recover such disbursements from Cue and SPC once the Oyong Field in the Sampang Block of which both parties are participating owners, starts producing oil, and Cue and SPC have recovered their own costs. In May and June 2017, the Group received the payments from Cue and SPC totaling US$25 million. The difference between cash received and amount recorded is recognized as part of "Other income" in 2017.

16. ASET TETAP / *16. PROPERTY, PLANT AND EQUIPMENT*

Akun ini terdiri dari sebagai berikut: / *This account consists of the following:*

	2018							
	Saldo Awal/ *Beginning Balance*	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Reklasifikasi/ *Reclassi-fications*	Aset Entitas Anak yang Dimiliki untuk Dijual/ *Assets of Subsidiaries Classified as Held for Sale*	Penjabaran Laporan Keuangan/ *Translation Adjustments*	Saldo Akhir/ *Ending Balance*	
Biaya Perolehan								*Acquisition Cost*
Tanah	7.257.540	-	-	-	-	(214.547)	7.042.993	*Land*
Bangunan dan prasarana	10.915.126	63.952	-	-	-	(135.999)	10.843.079	*Buildings and improvements*
Mesin	45.741.339	2.430.136	-	-	-	(2.143.918)	46.027.557	*Machinery*
Kendaraan bermotor	5.236.265	223.222	(43.700)	-	-	(117.095)	5.298.692	*Vehicles*
Peralatan kantor dan lainnya	10.138.805	660.243	(8.830)	-	(627.897)	(218.487)	9.943.834	*Office and other equipment*
Leasehold improvements	1.701.900	50.952	-	-	-	20.709	1.773.561	*Leasehold improvements*
Pesawat terbang	15.865.596	-	(15.865.596)	-	-	-	-	*Aircraft*
Peralatan	2.593.420	-	-	-	-	-	2.593.420	*Tools*
Aset sewa guna usaha	41.918	41.921	-	-	-	(44.622)	39.217	*Assets under finance lease*
Aset tetap dalam pembangunan	22.745.278	530.407	-	(16.428.212)	-	(1.237.345)	5.610.128	*Construction in progress*
Jumlah Biaya Perolehan	122.237.187	4.000.833	(15.918.126)	(16.428.212)	(627.897)	(4.091.304)	89.172.481	*Total Acquisition Cost*
Akumulasi Penyusutan								*Accumulated Depreciation*
Bangunan dan prasarana	3.842.076	510.510	-	-	-	(53.478)	4.299.108	*Buildings and improvements*
Mesin	19.856.249	4.891.183	-	-	-	(774.664)	23.972.768	*Machinery*
Kendaraan bermotor	4.288.580	-	(43.700)	-	-	(152.959)	4.091.921	*Vehicles*
Peralatan kantor dan lainnya	9.295.944	500.074	(6.778)	-	(620.839)	(156.168)	9.012.233	*Office and other equipment*
Leasehold improvements	1.417.188	93.703	-	-	-	(17.317)	1.493.574	*Leasehold improvements*
Pesawat terbang	4.433.935	239.927	(4.673.862)	-	-	-	-	*Aircraft*
Peralatan	1.353.875	-	-	-	-	-	1.353.875	*Tools*
Aset sewa guna usaha	36.435	869	-	-	-	(1.364)	35.940	*Assets under financial lease*
Jumlah Akumulasi Penyusutan	44.524.282	6.236.266	(4.724.340)	-	(620.839)	(1.155.950)	44.259.419	*Total Accumulated Depreciation*
Akumulasi Penurunan Nilai								*Accumulated Impairment*
Penurunan nilai	9.788.805	1.700.781	(9.788.805)	-	-	-	1.700.781	*Impairment*
Nilai Tercatat	**67.924.100**						**43.212.281**	***Carrying Value***

16. ASET TETAP (lanjutan) / *16. PROPERTY, PLANT AND EQUIPMENT (continued)*

2017

	Saldo Awal/ *Beginning Balance*	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Reklasifikasi/ *Reclassifications*	Reklasifikasi dari Aset Entitas Anak yang Sebelumnya Dimiliki untuk Dijual/ *Reclassifications of a Subsidiary's Asset Previously Classified as Held for Sale*	Dampak Akuisisi PT Saratoga Power/ *Effects from Acquisition of PT Saratoga Power*	Penjabaran Laporan Keuangan/ *Translation Adjustments*	Saldo Akhir/ *Ending Balance*	
Biaya Perolehan									*Acquisition Cost*
Tanah	102.427	-	-	-	124.206	7.044.728	(13.821)	7.257.540	*Land*
Bangunan dan prasarana	4.822.553	303.659	-	-	26.530	5.789.665	(27.281)	10.915.126	*Buildings and improvements*
Mesin	79.906	2.307.679	-	-	10.683.699	32.798.102	(128.047)	45.741.339	*Machinery*
Kendaraan bermotor	3.404.819	71.180	-	-	246.537	1.527.422	(13.693)	5.236.265	*Vehicles*
Peralatan kantor dan lainnya	7.702.617	59.796	(310.546)	-	234.092	2.477.031	(24.185)	10.138.805	*Office and other equipment*
Leasehold improvements	1.109.262	45.220	-	-	-	573.845	(26.427)	1.701.900	*Leasehold improvements*
Pesawat terbang	15.865.596	-	-	-	-	-	-	15.865.596	*Aircraft*
Peralatan	-	472.381	-	-	-	2.137.640	(16.601)	2.593.420	*Tools*
Aset sewa guna usaha	-	-	-	-	41.918	-	-	41.918	*Assets under finance lease*
Aset tetap dalam pembangunan	-	2.225.152	-	-	-	20.639.709	(119.583)	22.745.278	*Construction in progress*
Jumlah Biaya Perolehan	33.087.180	5.485.067	(310.546)	-	11.356.982	72.988.142	(369.638)	122.237.187	*Total Acquisition Cost*
Akumulasi Penyusutan									*Accumulated Depreciation*
Bangunan dan prasarana	2.291.704	314.970	-	-	17.687	1.225.712	(7.997)	3.842.076	*Buildings and improvements*
Mesin	52.045	2.386.950	-	-	7.017.460	10.443.615	(43.821)	19.856.249	*Machinery*
Kendaraan bermotor	3.227.269	221.677	-	-	164.084	678.949	(3.399)	4.288.580	*Vehicles*
Peralatan kantor dan lainnya	7.370.988	95.958	(310.546)	-	213.033	1.934.095	(7.584)	9.295.944	*Office and other equipment*
Leasehold improvements	1.109.262	7.515	-	-	-	310.170	(9.759)	1.417.188	*Leasehold improvements*
Pesawat terbang	4.433.935	-	-	-	-	-	-	4.433.935	*Aircraft*
Peralatan	-	69.500	-	-	-	1.290.444	(6.069)	1.353.875	*Tools*
Aset sewa guna usaha	-	-	-	-	36.435	-	-	36.435	*Assets under financial lease*
Jumlah Akumulasi Penyusutan	18.485.203	3.096.570	(310.546)	-	7.448.699	15.882.985	(78.629)	44.524.282	*Total Accumulated Depreciation*
Akumulasi Penurunan Nilai									*Accumulated Impairment*
Penurunan nilai	9.431.662	357.143	-	-	-	-	-	9.788.805	*Impairment*
Nilai Tercatat	**5.170.315**							**67.924.100**	***Carrying Value***

16. ASET TETAP (lanjutan) / *16. PROPERTY, PLANT AND EQUIPMENT (continued)*

2016

	Saldo Awal/ *Beginning Balance*	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Reklasifikasi/ *Reclassi-fications*	Dampak Akuisisi entitas anak/ *Effects from Acquisition of subsidiaries*	Aset Entitas Anak yang Dimiliki untuk Dijual/ *Assets of Subsidiaries Classified as Held for Sale*	Saldo Akhir/ *Ending Balance*	
Biaya Perolehan								*Acquisition Cost*
Tanah	406.118	-	-	29.170	-	(332.861)	102.427	*Land*
Bangunan dan prasarana	10.570.005	9.732	(1.933.080)	-	-	(3.824.104)	4.822.553	*Buildings and improvements*
Mesin	39.054.304	3.253.824	(15.871.765)	(10.995.443)	-	(15.361.014)	79.906	*Machinery*
Peralatan dan perlengkapan pengeboran	67.201.771	1.390.104	(794.201)	10.584.393	-	(78.382.067)	-	*Drilling rigs and equipment*
Kendaraan bermotor	21.984.352	121.796	(338.579)	1.189.289	-	(19.552.039)	3.404.819	*Vehicles*
Peralatan kantor dan lainnya	9.310.513	63.296	(10.719)	(807.409)	78.925	(931.989)	7.702.617	*Office and other equipment*
Leasehold improvements	1.110.592	-	-	-	-	(1.330)	1.109.262	*Leasehold improvements*
Pesawat terbang	15.865.596	-	-	-	-	-	15.865.596	*Aircraft*
Aset sewa guna usaha	-	-	-	-	36.858	(36.858)	-	*Assets under finance lease*
Aset tetap dalam pembangunan	-	6.236.065	-	-	-	(6.236.065)	-	*Construction in progress*
Jumlah Biaya Perolehan	165.503.251	11.074.817	(18.948.344)	-	115.783	(124.658.327)	33.087.180	*Total Acquisition Cost*
Akumulasi Penyusutan								*Accumulated Depreciation*
Bangunan dan prasarana	5.022.082	308.071	(1.933.080)	709.832	-	(1.815.201)	2.291.704	*Buildings and improvements*
Mesin	29.689.630	3.769.658	(15.871.765)	(6.711.657)	-	(10.823.821)	52.045	*Machinery*
Peralatan dan perlengkapan pengeboran	23.475.046	4.899.624	(580.452)	5.692.413	-	(33.486.631)	-	*Drilling rigs and equipment*
Kendaraan bermotor	13.437.946	1.829.798	(335.928)	389.218	-	(12.093.765)	3.227.269	*Vehicles*
Peralatan kantor dan lainnya	8.121.034	151.727	(10.719)	(79.806)	71.487	(882.735)	7.370.988	*Office and other equipment*
Leasehold improvements	1.110.592	-	-	-	-	(1.330)	1.109.262	*Leasehold improvements*
Pesawat terbang	3.617.387	816.548	-	-	-	-	4.433.935	*Aircraft*
Aset sewa guna usaha	-	-	-	-	35.695	(35.695)	-	*Assets under finance lease*
Jumlah Akumulasi Penyusutan	84.473.717	11.775.426	(18.731.944)	-	107.182	(59.139.178)	18.485.203	*Total Accumulated Depreciation*
Akumulasi Penurunan Nilai								*Accumulated Impairment*
Penurunan nilai	12.067.745	9.431.662	(2.438.357)	-	-	(9.629.388)	9.431.662	*Impairment*
Nilai Tercatat	**68.961.789**						**5.170.315**	***Carrying Value***

16. ASET TETAP (lanjutan) / *16. PROPERTY, PLANT AND EQUIPMENT (continued)*

Beban penyusutan dialokasikan sebagai berikut: / *Allocation of depreciation expense is as follows:*

	2018	2017	2016	
Operasi yang Dilanjutkan				*Continuing Operations*
Beban pokok penjualan dan biaya langsung lainnya	4.581.143	2.026.873	3.545.864	*Cost of sales and other direct costs*
Beban penjualan, umum dan administrasi (Catatan 35)	1.655.123	1.062.538	1.111.359	*Selling, general and administrative expenses (Note 35)*
Sub-jumlah	6.236.266	3.089.411	4.657.223	*Sub-total*
Operasi yang tidak dilanjutkan				*Discontinued Operations*
Beban pokok penjualan	-	-	7.086.745	*Cost of sales*
Beban penjualan, umum dan administrasi	-	7.159	31.458	*Selling, general and administrative expenses*
Sub-jumlah	-	7.159	7.118.203	*Sub-total*
Jumlah	**6.236.266**	**3.096.570**	**11.775.426**	***Total***

Aset tetap tertentu digunakan sebagai jaminan atas utang yang diperoleh oleh Perusahaan dan Entitas Anaknya (Catatan 27).

Certain property, plant and equipment are used as collateral to the loans obtained by the Company and its Subsidiaries (Note 27).

Pada tanggal 31 Desember 2018 dan 2017, aset tetap dalam pembangunan terutama berkaitan dengan Perjanjian Pembelian Tenaga Listrik (Catatan 47) dan akan disewakan pada saat tanggal operasi komersial. Selain itu, pada tanggal 31 Desember 2018 dan 2017, aset tetap dalam pembangunan merupakan proyek pembangunan pembangkit listrik tenaga mini-hidro dengan tingkat penyelesaian yang berkisar antara 1% - 97% dan diestimasikan selesai pada tahun 2019 - 2021.

As of December 31, 2018 and 2017, the construction in progress is mainly related to the Power Purchase Agreements (Note 47) and will be leased out upon commercial operation date. In addition, as of December 31, 2018 and 2017, the construction in progress mainly represents construction of mini-hydro power plant with completion rate ranging from 1% - 97% and estimated to be completed in between 2019 - 2021.

Aset tetap dalam pembangunan pada tanggal 31 Desember 2017 yang telah mencapai tahapan operasi komersial pada tahun 2018 adalah pembangkit listrik mini-hidro Pusaka yang berlokasi di Cianjur, Jawa Barat dengan kapasitas 8,8 MW. Biaya konstruksinya sebesar AS$16.428.212 direklasifikasi sebagai piutang sewa pembiayaan (Catatan 8) sesuai dengan Perjanjian Jual Beli Tenaga Listrik dengan PT PLN (Persero) Unit Induk Distribusi Jawa Barat (dahulu PT PLN (Persero) Distribusi Jawa Barat) (Catatan 47).

Construction in progress as of December 31, 2017 which has started commercial operations in 2018 was the mini-hydro power plant Pusaka located in Cianjur, West Java with capacity of 8.8 MW. Related construction cost which amounted to US$16,428,212 was reclassified to finance lease receivables (Note 8) in accordance with the Power Purchase Agreement with PT PLN (Persero) Unit Induk Distribusi Jawa Barat (formerly PT PLN (Persero) Distribusi Jawa Barat) (Note 47).

16. ASET TETAP (lanjutan)

Biaya pinjaman yang dikapitalisasi ke aset tetap sebesar AS$466.732 dan AS$2.873.645 untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017. Suku bunga efektif yang digunakan untuk menentukan biaya pinjaman yang dikapitalisasi sebesar 12,41% untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan berkisar antara 10,48% sampai dengan 11,51% untuk tahun yang berakhir pada tanggal 31 Desember 2017. Tidak ada biaya pinjaman yang dikapitalisasi ke aset tetap pada tanggal 31 Desember 2016.

Seluruh persediaan (Catatan 10) dan aset tetap, kecuali tanah, termasuk aset tetap dalam perjanjian mengandung sewa (Catatan 8) telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya dengan nilai pertanggungan sebesar AS$923,68 juta dan Rp773,55 miliar pada tanggal 31 Desember 2018, AS$405,72 juta dan Rp951,42 miliar pada tanggal 31 Desember 2017 dan AS$122 juta dan Rp26 miliar pada tanggal 31 Desember 2016. Manajemen berkeyakinan bahwa nilai pertanggungan tersebut adalah cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Beberapa pelepasan aset tetap adalah sebagai berikut:

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Borrowing costs capitalized to property, plant and equipment amounted to US$466,732 and US$2,873,645 for the years ended December 31, 2018 and 2017, respectively. The effective interest rates used to determine the borrowing costs eligible for capitalization was 12.41% for the year ended December 31, 2018 and ranges from 10.48% to 11.51% for the year ended December 31, 2017. There is no borrowing costs capitalized to property, plant and equipment on December 31, 2016.

All inventories (Note 10) and property, plant and equipment, except land, including property, plant and equipment under an arrangement containing a lease (Note 8) were insured against fire, theft and other possible risks for US$923.68 million and Rp773.55 billion as of December 31, 2018, US$405.72 million and Rp951.42 billion as of December 31, 2017 and US$122 million and Rp26 billion as of December 31, 2016. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Disposals of property, plant and equipment are as follows:

	2018	2017	2016	
Hasil pelepasan neto				*Net proceeds*
Operasi yang dilanjutkan	769.000	5.809	-	*Continuing Operations*
Operasi yang tidak dilanjutkan	-	-	37.780	*Discontinued Operations*
Sub-jumlah	769.000	5.809	37.780	*Sub-total*
Dikurangi:				*Less:*
Nilai tercatat				*Carrying amount*
Operasi yang dilanjutkan	1.404.981	-	-	*Continuing Operations*
Operasi yang tidak dilanjutkan	-	-	216.400	*Discontinued Operations*
Sub-jumlah	1.404.981	-	216.400	*Sub-total*
Laba/(Rugi)	**(635.981)**	**5.809**	**(178.620)**	***Gain/(Loss)***

Pada tahun 2018, pengurangan (termasuk penurunan nilai terkait) terutama terkait dengan penjualan pesawat terbang yang dimiliki oleh entitas anak ke pihak ketiga (Catatan 47).

In 2018, the deductions (including the related impairment) pertain mainly to the sale of an aircraft owned by a subsidiary to a third party (Note 47).

16. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2018, 2017 dan 2016, biaya perolehan aset tetap yang telah disusutkan penuh namun masih digunakan oleh Grup sebesar AS$3,55 juta, terdiri atas mesin, peralatan dan perlengkapan pengeboran, peralatan kantor dan lainnya dan *leasehold improvements.*

Berdasarkan laporan penilai independen dan penilaian internal manajemen, nilai wajar aset tetap Grup (sebagian besar terdiri dari aset bidang usaha listrik) pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar AS$51.402.804 dan AS$54.384.138.

Berdasarkan hasil penelaahan atas aset tetap secara individu pada tanggal 31 Desember 2018, Grup mengakui kerugian penurunan nilai aset tetap dari PT Sangsaka Hidro Barat sebesar AS$1.700.781 sebagai akibat dari penurunan nilai aset tetap yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dalam akun "Kerugian Penurunan Nilai Aset". Jumlah terpulihkan pada tanggal 31 Desember 2018 berdasarkan nilai wajar dikurangi biaya pelepasan di mana nilai wajarnya masuk dalam kategori level 3 pada hirarki nilai wajar.

Berdasarkan hasil penelaahan atas aset tetap secara individu pada tanggal 31 Desember 2017 dan 2016, Grup mengakui kerugian penurunan nilai aset tetap dari Medco Straits Services Pte Ltd, entitas anak, masing-masing sebesar AS$357.143 dan AS$9,4 juta sebagai akibat dari penurunan nilai aset tetap dan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dalam akun "Kerugian Penurunan Nilai Aset". Jumlah terpulihkan pada tanggal 31 Desember 2017 dan 2016 berdasarkan nilai wajar dikurangi biaya pelepasan di mana nilai wajarnya masuk dalam kategori level 3 pada hirarki nilai wajar.

Pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa penyisihan penurunan nilai yang dicadangkan adalah cukup dan tidak diperlukan penurunan nilai lebih lanjut atas aset tetap lainnya.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

As of December 31, 2018, 2017 and 2016, the cost of property, plant and equipment that have been fully depreciated but are still being used by the Group amounted to US$3.55 million, consisting of machinery, drilling rigs and equipment, office and other equipment and leasehold improvements.

Based on the report of an independent appraiser and management internal valuation, the fair value of the Group's property, plant and equipment (mostly consist of assets from power business activities) as of December 31, 2018 and 2017 amounted to US$51,402,804 and US$54,384,138, respectively.

Based on the review of individual property, plant and equipment as of December 31, 2018, the Group recognized impairment loss of property, plant and equipment from PT Sangsaka Hidro Barat amounting to US$1,700,781 as a result of property, plant and equipment's decline in value which was recognized in the consolidated statements of profit or loss and other comprehensive income as "Loss on Impairment of Assets". The recoverable amount as of December 31, 2018 was based on fair value less cost to sell which fair value was categorized as level 3 in the fair value hierarchy.

Based on the review of individual property, plant and equipment as of December 31, 2017 and 2016, the Group recognized impairment loss of property, plant, and equipment from Medco Straits Services Pte Ltd, a subsidiary, amounting to US$357,143 and US$9.4 million, respectively, as a result of property, plant and equipment's decline in value which was recognized in the consolidated statements of profit or loss and other comprehensive income as "Loss on Impairment of Assets". The recoverable amount as of December 31, 2017 and 2016 was based on fair value less cost to sell which fair value was categorized as level 3 in the fair value hierarchy.

As of December 31, 2018, 2017 and 2016, the management is of the opinion that the allowance for impairment losses were adequate and no further impairment on the remaining property, plant and equipment is necessary.

17. PROPERTI INVESTASI / *17. INVESTMENT PROPERTIES*

	2017				
	Saldo Awal/ *Beginning Balance*	**Penambahan/ *Additions***	**Aset Entitas Anak yang Dimiliki untuk Dijual/ *Assets of a Subsidiary Classified as Held for Sale***	**Saldo Akhir/ *Ending Balance***	
Biaya Perolehan					*Acquisition Cost*
Hak atas tanah	144.012.794	-	(144.012.794)	-	*Land rights*
Bangunan dan prasarana	201.082.681	5.818	(201.088.499)	-	*Building and infrastructures*
Perlengkapan gedung	16.799.057	9.193	(16.808.250)	-	*Building equipment*
Jumlah biaya perolehan	361.894.532	15.011	(361.909.543)	-	*Total acquisition cost*
Akumulasi Penyusutan					*Accumulated Depreciation*
Bangunan dan prasarana	6.061.147	1.010.191	(7.071.338)	-	*Building and infrastructures*
Perlengkapan gedung	3.466.033	577.672	(4.043.705)	-	*Building equipment*
Jumlah akumulasi penyusutan	9.527.180	1.587.863	(11.115.043)	-	*Total accumulated depreciation*
Akumulasi Penurunan Nilai	1.108.388	-	(1.108.388)	-	*Accumulated Impairment*
Nilai Tercatat	**351.258.964**			**-**	***Carrying Value***

	2016			
	Saldo Awal/ *Beginning Balance*	**Penambahan/ *Additions***	**Saldo Akhir/ *Ending Balance***	
Biaya Perolehan				*Acquisition Cost*
Hak atas tanah	144.012.794	-	144.012.794	*Land rights*
Bangunan dan prasarana	201.075.693	6.988	201.082.681	*Building and infrastructures*
Perlengkapan gedung	16.432.214	366.843	16.799.057	*Building equipment*
Jumlah biaya perolehan	361.520.701	373.831	361.894.532	*Total acquisition cost*
Akumulasi Penyusutan				*Accumulated Depreciation*
Bangunan dan prasarana	-	6.061.147	6.061.147	*Building and infrastructures*
Perlengkapan gedung	-	3.466.033	3.466.033	*Building equipment*
Jumlah akumulasi penyusutan	-	9.527.180	9.527.180	*Total accumulated depreciation*
Akumulasi Penurunan Nilai	-	1.108.388	1.108.388	*Accumulated Impairment*
Nilai Tercatat	**361.520.701**		**351.258.964**	***Carrying Value***

Beban penyusutan properti investasi untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar AS$1.587.863 dan AS$9.527.180 dibebankan sebagai beban pokok penjualan dan biaya langsung lainnya pada operasi yang dihentikan (Catatan 38).

Depreciation expense on investment properties for the years ended December 31, 2017 and 2016 amounting to US$1,587,863 and US$9,527,180, respectively, is charged as cost of sales and other direct costs in discontinued operations (Note 38).

17. PROPERTI INVESTASI (lanjutan)

Properti investasi telah diasuransikan dengan jumlah pertanggungan sebesar Rp4,7 triliun dan AS$1 juta pada tanggal 31 Desember 2016. Manajemen berkeyakinan bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas aset tersebut.

Pada tanggal 31 Desember 2016, properti investasi (Gedung The Energy dan Gedung Trada) dengan nilai tercatat sebesar AS$320.514.159 dijaminkan sebagai jaminan atas pinjaman yang diperoleh dari PT Bank Bukopin Tbk (Catatan 27).

Berdasarkan laporan hasil penilaian dari penilai independen pada tanggal 30 Juni 2017, nilai wajar untuk properti investasi adalah sebesar Rp4.987.178.000.000 atau setara dengan AS$361.520.701.

Pada tanggal 31 Desember 2016, manajemen berkeyakinan bahwa penurunan nilai yang diakui pada properti investasi cukup untuk menutupi penurunan nilai pada properti investasi.

Asumsi yang digunakan

Perhitungan nilai wajar pada properti investasi didasarkan pada data transaksi atau penawaran atas properti yang sebanding dan sejenis dengan objek penilaian (harga transaksi) dan proyeksi arus kas yang didiskontokan dari rencana usaha mencakup periode 5 tahun dan menggunakan *terminal value*. Tingkat diskonto sebelum pajak yang digunakan dalam proyeksi arus kas pada tahun 2017 adalah 13,80%. Perhitungan nilai wajar dikategorikan sebagai level 3 pada hirarki nilai wajar.

17. INVESTMENT PROPERTIES (continued)

The investment properties are insured for a total amount of Rp4.7 trillion and US$1 million as of December 31, 2016. Management believes that the sum insured is adequate to cover possible loss on such assets.

As of December 31, 2016, investment property (The Energy Building and Trada Building) with carrying value of US$320,514,159 are pledged as collateral to the loans obtained from PT Bank Bukopin Tbk (Note 27).

Based on the appraisal reports of an independent appraiser as of June 30, 2017, fair value of the investment properties amounted to Rp4,987,178,000,000 or equivalent to US$361,520,701.

As of December 31, 2016, management believes that the impairment in the value of investment properties recognized is adequate to cover the decline in value of investment properties.

Key assumptions used

The calculation of fair value of the investment properties is based on transaction data or offering from comparable and similar property to valuation object (transaction price) and discounted cash flow projections from the business plan covering 5-year periods and using terminal value. The pre-tax discount rate applied to the cash flow projections is at 13.80% in 2017. The calculation of fair value is categorized as level 3 in the fair value hierarchy.

18. ASET EKSPLORASI DAN EVALUASI / *18. EXPLORATION AND EVALUATION ASSETS*

	Jumlah/ *Amount*	
Saldo Awal 1 Januari 2016	**81.739.073**	***Beginning balance, January 1, 2016***
Penambahan	325.942	*Additions*
Direklasifikasi ke aset minyak dan gas bumi	(11.593.604)	*Reclassified to oil and gas properties*
Sumur kering	(32.043)	*Dry hole*
Saldo akhir 31 Desember 2016	**70.439.368**	***Ending balance, December 31, 2016***
Penambahan	28.105.415	*Additions*
Akuisisi entitas anak (Catatan 46)	16.562.911	*Acquisition of subsidiaries (Note 46)*
Direklasifikasi ke aset minyak dan gas bumi	(11.291.736)	*Reclassified to oil and gas properties*
Sumur kering	(49.623)	*Dry hole*
Saldo akhir 31 Desember 2017	**103.766.335**	***Ending balance, December 31, 2017***
Penambahan	12.987.687	*Additions*
Direklasifikasi ke aset minyak dan gas bumi	(12.025.290)	*Reclassified to oil and gas properties*
Sumur kering	(2.505.213)	*Dry hole*
Saldo akhir 31 Desember 2018	**102.223.519**	***Ending balance, December 31, 2018***

Pada tahun 2017, Grup menerima pendapatan dari klaim asuransi sebesar AS$7.664.809 terkait sumur kering Lagan Deep.

In 2017, the Group received income from insurance claim amounting to US$7,664,809 in relation to dry hole of Lagan Deep.

Berdasarkan penelaahan aset eksplorasi dan evaluasi, manajemen berkeyakinan tidak diperlukan penurunan nilai lebih lanjut untuk aset eksplorasi dan evaluasi pada tanggal 31 Desember 2018, 2017 dan 2016.

Based on the review of exploration and evaluation assets, management believes that no further impairment of exploration and evaluation assets as of December 31, 2018, 2017 and 2016 is necessary.

19. ASET MINYAK DAN GAS BUMI / *19. OIL AND GAS PROPERTIES*

a. Aset Minyak dan Gas Bumi / *a. Oil and Gas Properties*

Akun ini terdiri dari sebagai berikut: / *This account consists of the following:*

	2018	2017	2016	
Sumur dan perlengkapan terkait dan fasilitasnya	1.843.530.670	2.238.609.984	2.159.992.206	*Wells and related equipment and facilities*
Sumur, perlengkapan dan fasilitas dalam pengerjaan	676.232.808	357.746.755	180.274.943	*Uncompleted wells, equipment and facilities*
Operated acreage	74.265.892	74.265.892	74.265.892	*Operated acreage*
Peralatan dan gudang	22.044.482	22.044.482	22.044.430	*Equipment and warehouse*
Kendaraan bermotor	1.281.726	1.281.726	1.281.726	*Vehicles*
Jumlah	2.617.355.578	2.693.948.839	2.437.859.197	*Total*
Akumulasi penyusutan, Deplesi dan amortisasi dan cadangan penurunan nilai	(1.387.943.573)	(1.586.116.448)	(1.516.614.150)	*Accumulated depreciation, depletion and amortization and impairment reserves*
Nilai Tercatat	**1.229.412.005**	**1.107.832.391**	**921.245.047**	***Carrying Amount***

Pergerakan aset minyak dan gas bumi adalah sebagai berikut: / *The movements in oil and gas properties are as follows:*

		2018				
Area Kepemilikan	**Lokasi/ *Location***	**Saldo Awal 31 Desember 2017/ *Beginning Balance December 31, 2017***	**Penambahan/ *Additions***	**Pengurangan/ *Deductions***	**Saldo Akhir 31 Desember 2018/ *Ending Balance December 31, 2018***	***Area of Interest***
Blok A	Aceh	353.495.607	191.013.880	-	544.509.487	*Block A*
Kampar/S.S. Extension	Sumatera Selatan/ *South Sumatera*	63.730.523	42.450.131	11.435.632	94.745.022	*Kampar/S.S. Extension*
Rimau	Sumatera	75.938.165	5.049.231	26.561.506	54.425.890	*Rimau*
Senoro Toili	Sulawesi	231.834.652	3.791.308	18.054.898	217.571.062	*Senoro Toili*
Lematang	Sumatera	12.307.884	771.724	4.297.788	8.781.820	*Lematang*
Tarakan	Kalimantan	4.670.954	5.646.558	4.856.818	5.460.694	*Tarakan*
Simenggaris	Kalimantan	35.471.423	66.095	27.910	35.509.608	*Simenggaris*
Natuna	Kepulauan Riau/ *Riau Islands*	165.551.203	34.128.722	49.734.932	149.944.993	*Natuna*
Main Pass[1)]	Amerika Serikat/*USA*	26.650.792	-	26.650.792	-	*Main Pass[1)]*
Area 47 Libya	Libya	118.225.459	734.492	496.522	118.463.429	*Area 47 Libya*
Tunisia[1)]	Tunisia	19.955.729	-	19.955.729	-	*Tunisia[1)]*
		1.107.832.391	**283.652.141**	**162.072.527**	**1.229.412.005**	

19. ASET MINYAK DAN GAS BUMI (lanjutan) / *19. OIL AND GAS PROPERTIES (continued)*

a. Aset Minyak dan Gas Bumi (lanjutan) / *a. Oil and Gas Properties (continued)*

2017

Area Kepemilikan	Lokasi/ *Location*	Saldo Awal 31 Desember 2016/ *Beginning Balance December 31, 2016*	Penambahan/ *Additions*[2)]	Pengurangan/ *Deductions*	Saldo Akhir 31 Desember 2017/ *Ending Balance December 31, 2017*	*Area of Interest*
Bengara	Kalimantan	4.215.924	-	4.215.924	-	*Bengara*
Blok A	Aceh	171.384.920	182.110.687	-	353.495.607	*Block A*
Kampar/S.S. Extension	Sumatera Selatan/ *South Sumatera*	72.128.098	3.328.512	11.726.087	63.730.523	*Kampar/S.S. Extension*
Rimau	Sumatera	123.738.008	4.275.635	52.075.478	75.938.165	*Rimau*
Senoro Toili	Sulawesi	247.354.494	2.437.950	17.957.792	231.834.652	*Senoro Toili*
Lematang	Sumatera	20.285.878	7.941.503	15.919.497	12.307.884	*Lematang*
Tarakan	Kalimantan	8.272.722	35.831	3.637.599	4.670.954	*Tarakan*
Simenggaris	Kalimantan	35.367.239	104.184	-	35.471.423	*Simenggaris*
Natuna	Kepulauan Riau/ *Riau Islands*	173.447.550	52.823.154	60.719.501	165.551.203	*Natuna*
Main Pass	Amerika Serikat/*USA*	28.564.967	-	1.914.175	26.650.792	*Main Pass*
Area 47 Libya	Libya	15.273.135	105.396.706	2.444.382	118.225.459	*Area 47 Libya*
Tunisia	Tunisia	21.212.112	1.074.542	2.330.925	19.955.729	*Tunisia*
		921.245.047	**359.528.704**	**172.941.360**	**1.107.832.391**	

2016

Area Kepemilikan	Lokasi/ *Location*	Saldo Awal 31 Desember 2015/ *Beginning Balance December 31, 2015*	Penambahan/ *Additions*[3)4)]	Pengurangan/ *Deductions*	Saldo Akhir 31 Desember 2016/ *Ending Balance December 31, 2016*	*Area of Interest*
Bengara	Kalimantan	7.496.371	-	3.280.447	4.215.924	*Bengara*
Blok A	Aceh	69.466.471	101.918.449	-	171.384.920	*Block A*
Kampar/S.S. Extension	Sumatera Selatan/ *South Sumatera*	84.663.135	1.870.212	14.405.249	72.128.098	*Kampar/S.S. Extension*
Rimau	Sumatera	143.584.312	7.425.587	27.271.891	123.738.008	*Rimau*
Senoro Toili	Sulawesi	263.297.123	7.894.637	23.837.266	247.354.494	*Senoro Toili*
Lematang	Sumatera	28.386.637	18.900.882	27.001.641	20.285.878	*Lematang*
Tarakan	Kalimantan	11.277.542	71.932	3.076.752	8.272.722	*Tarakan*
Bawean[1)]	Jawa Timur/ *East Java*	40.517.449	-	40.517.449	-	*Bawean [1)]*
Simenggaris	Kalimantan	26.753.686	8.642.189	28.636	35.367.239	*Simenggaris*
Natuna	Kepulauan Riau/ *Riau Islands*	-	178.847.265	5.399.715	173.447.550	*Natuna*
Main Pass	Amerika Serikat/*USA*	31.456.745	-	2.891.778	28.564.967	*Main Pass*
Area 47 Libya	Libya	179.924.944	15.538.204	180.190.013	15.273.135	*Area 47 Libya*
Malik 9	Yaman/*Yemen*	2.507.864	-	2.507.864	-	*Malik 9*
Tunisia	Tunisia	109.195.682	4.634.504	92.618.074	21.212.112	*Tunisia*
		998.527.961	**345.743.861**	**423.026.775**	**921.245.047**	

1) Pengurangan termasuk reklasifikasi ke aset yang dimiliki untuk dijual sebesar AS$46.606.521 (Catatan 38).

2) Penambahan termasuk akuisisi 26,6666% hak partisipasi di Blok A PSC sebesar AS$58.953.614 (Catatan 46).

3) Penambahan termasuk akuisisi Lundin Lematang BV sebesar AS$18.632.928 (Catatan 46).

4) Penambahan termasuk akuisisi ConocoPhillips Indonesia Inc Limited sebesar AS$177.773.168 dan akuisisi 16,6667% hak partisipasi di Blok A PSC sebesar AS$49.885.643 (Catatan 46).

1) Deductions include reclassification to assets held for sale amounting to US$46,606,521 (Note 38).

2) Additions include acquisition of 26.6666% participating interest in Block A PSC amounting to US$58,953,614 (Note 46).

3) Additions include acquisition of Lundin Lematang BV amounting to US$18,632,928 (Note 46).

4) Additions include acquisition of ConocoPhillips Indonesia Inc Limited amounting to US$177,773,168 and acquisition of 16.6667% participating interest in Block A PSC amounting to US$49,885,643 (Note 46).

19. ASET MINYAK DAN GAS BUMI (lanjutan)

a. Aset Minyak dan Gas Bumi (lanjutan)

Pada tanggal 31 Desember 2018, Grup merevisi estimasi cadangan terbukti (P1 dan P2) di wilayah kerja Natuna dan Senoro-Toili berdasarkan laporan penilai independen yang diperoleh dari konsultan teknik independen perusahaan serta di wilayah kerja Sumatera Selatan berdasarkan laporan internal Perusahaan. Penyesuaian atas saldo estimasi cadangan tersebut menurunkan beban deplesi sebesar AS$25,6 juta.

Pada tanggal 31 Desember 2017, Grup merevisi estimasi cadangan terbukti (P1 dan P2) di wilayah kerja Sumatera Selatan, Tarakan, Lematang, Senoro-Toili dan Natuna berdasarkan laporan penilai independen yang diperoleh dari konsultan teknik independen perusahaan. Grup juga melakukan perubahan metode depresiasi atas aset minyak dan gas bumi menggunakan cadangan kotor yang terbukti dan telah dikembangkan. Penyesuaian atas saldo estimasi cadangan tersebut menurunkan beban deplesi sebesar AS$14,7 juta.

Pada tanggal 31 Desember 2016, Grup merevisi estimasi cadangan terbukti (P1) di wilayah kerja Sumatera Selatan, Tarakan dan Lematang berdasarkan laporan internal Perusahaan. Penyesuaian atas saldo estimasi cadangan tersebut menurunkan beban deplesi sebesar AS$8,99 juta.

Beban bunga dan beban pendanaan lainnya yang dikapitalisasi sebagai aset minyak dan gas bumi masing - masing sebesar AS$27,1 juta dan AS$4,0 juta untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

Pada tanggal 31 Desember 2018, 2017 dan 2016, seluruh sumur, area tambang dan perlengkapan dan fasilitas terkait yang dimiliki entitas anak yang bergerak di bidang eksplorasi dan produksi minyak dan gas bumi diasuransikan dengan nilai pertanggungan masing-masing sebesar AS$7,5 miliar, AS$6,6 miliar, dan AS$7 miliar. Manajemen berkeyakinan bahwa nilai pertanggungan tersebut adalah cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

19. OIL AND GAS PROPERTIES (continued)

a. Oil and Gas Properties (continued)

As of December 31, 2018, the Group revised the estimated proved reserves (P1 and P2) in Natuna and Senoro-Toili area based on the independent appraisal report from independent technical consultant as well as in South Sumatera area based on the Company's internal report. As a result, the depletion expense decreased by US$25.6 million.

As of December 31, 2017, the Group revised the estimated proved reserves (P1 and P2) in South Sumatera, Tarakan, Lematang, Senoro-Toili and Natuna area based on the independent appraisal report from independent technical consultant. The Group also changed the depreciation method for oil and gas properties using the gross proved and developed reserves. As a result, the depletion expense decreased by US$14.7 million.

As of December 31, 2016, the Group revised the estimated proved reserves (P1) in South Sumatera, Tarakan and Lematang area based on the Company's internal report. As a result, the depletion expense decreased by US$8.99 million.

Interest and other financing costs that are capitalized as oil and gas properties amounted to US$27.1 million and US$4.0 million for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018, 2017 and 2016, all wells, mining areas and related equipment and facilities of subsidiaries involved in oil and gas exploration and production are insured for US$7.5 billion, US$6.6 billion, and US$7 billion, respectively. Management believes the insurance coverage is adequate to cover possible losses on the assets insured.

19. ASET MINYAK DAN GAS BUMI (lanjutan)

b. Uji penurunan nilai atas aset eksplorasi dan evaluasi, dan aset minyak dan gas bumi

Pengujian penurunan nilai atas aset minyak dan gas bumi dilakukan ketika terdapat suatu indikasi bahwa nilai tercatat aset minyak dan gas bumi tersebut mengalami penurunan. Dalam hal ini, manajemen Grup menentukan hak kepemilikan pada masing-masing blok sebagai satu UPK.

Pada tanggal 31 Desember 2018, berdasarkan evaluasi manajamen, jumlah terpulihkan masih lebih tinggi dari nilai tercatat.

Untuk tahun yang berakhir pada tanggal 31 Desember 2017, Grup mengakui pemulihan cadangan penurunan nilai untuk aset minyak dan gas bumi untuk aset di Libya sebesar AS$99,9 juta yang disebabkan oleh perubahan pada biaya untuk mengembangkan aset minyak dan gas bumi yang berdampak menguntungkan telah terjadi selama periode dan diharapkan akan berlanjut di masa mendatang. Nilai aset minyak dan gas bumi yang dapat dipulihkan dari nilai penggunaannya lebih besar dari nilai tercatat.

Pada tanggal 31 Desember 2017 dan 2016, manajemen melakukan evaluasi atas jumlah terpulihkan dan nilai tercatat aset minyak dan gas dan membukukan penurunan nilai (pembalikan penurunan nilai) sebagai berikut:

19. OIL AND GAS PROPERTIES (continued)

b. Impairment test on exploration and evaluation assets and oil and gas properties

Impairment test on oil and gas properties is performed when circumstances indicate the CGU's carrying value may be impaired. In this matter, the management of the Group determined the participating interests in the respective blocks as a CGU.

As of December 31, 2018, based on management's assessment, the recoverable amount is still higher than the carrying amount.

For the year ended December 31, 2017, the Group recognized reversal of prior year provision amounting to US$99.9 million for impairment of oil and gas properties for one of its assets in Libya due to changes in the cost of developing the oil and gas assets, whereby favourable effect has taken place during the year and is expected to continue in the near future. The recoverable amount of oil and gas properties from their value in use is higher than their carrying value.

As of December 31, 2017 and 2016, management made an evaluation of the recoverable amount and the carrying amount of oil and gas properties and recorded the impairment losses (reversal of impairment) as follows:

	2017			
	Jumlah terpulihkan/ *Recoverable amount*	**Nilai tercatat/ *Carrying amount***	**Penurunan nilai (Pembalikan penurunan nilai)/ *Impairment losses (Reversal of impairment)***	
Aset minyak dan gas bumi				***Oil and gas properties***
Lematang	4.429.005	8.150.662	3.721.657	*Lematang*
Area 47 Libya	118.225.459	18.254.252	(99.971.207)	*Area 47 Libya*
Jumlah	**122.654.464**	**26.404.914**	**(96.249.550)**	***Total***

19. ASET MINYAK DAN GAS BUMI (lanjutan) / *19. OIL AND GAS PROPERTIES (continued)*

b. Uji penurunan nilai atas aset eksplorasi dan evaluasi, dan aset minyak dan gas bumi (lanjutan) / *b. Impairment test on exploration and evaluation assets and oil and gas properties (continued)*

	2016			
	Jumlah terpulihkan/ *Recoverable amount*	**Nilai tercatat/ *Carrying amount***	**Penurunan nilai/ *Impairment losses***	
Aset minyak dan gas bumi				***Oil and gas properties***
Bengara	4.215.924	7.429.191	3.213.267	*Bengara*
Area 47 Libya	15.273.135	195.463.148	180.190.013	*Area 47 Libya*
Malik 9	-	2.507.864	2.507.864	*Malik 9*
Tunisia	21.212.112	113.830.186	92.618.074	*Tunisia*
Jumlah	**40.701.171**	**319.230.389**	**278.529.218**	***Total***

Mutasi cadangan penurunan nilai adalah sebagai berikut: / *Movements in allowance for impairment losses are as follows:*

	2018	**2017**	**2016**	
Saldo awal	386.616.474	482.866.024	204.336.806	*Beginning balance*
Penambahan penurunan nilai tahun berjalan	-	3.721.657	278.529.218	*Additional impairment during the year*
Pembalikan penurunan nilai tahun berjalan	-	(99.971.207)	-	*Reversal of impairment during the year*
Saldo akhir	**386.616.474**	**386.616.474**	**482.866.024**	***Ending balance***

Grup memperhitungkan jumlah terpulihkan berdasarkan nilai pakai yang dihitung berdasarkan proyeksi arus kas. Nilai wajar ditentukan dengan menggunakan perhitungan arus kas diskonto setelah pajak.

The Group calculated the recoverable amount based on value in use calculation using cash flow projection. The fair value was determined by using a post-tax discounted cashflow ("DCF") calculation.

Proyeksi arus kas didasarkan pada produksi dan rencana pengembangan yang telah disetujui oleh manajemen yang mencakup estimasi periode kontrak termasuk perpanjangan kontrak dan investasi masa depan untuk peningkatan hasil produksi. Periode proyeksi berkisar antara 3 - 26 tahun.

The cashflow projection is based on production and development forecast approved by management covering the estimated period of contract including contract extension and future investment to increase output. The period of projection ranges from 3 - 26 years.

19. ASET MINYAK DAN GAS BUMI (lanjutan)

b. Uji penurunan nilai atas aset eksplorasi dan evaluasi, dan aset minyak dan gas bumi (lanjutan)

Asumsi yang digunakan

Perhitungan nilai pakai untuk aset minyak dan gas bumi sangat sensitif terhadap asumsi-asumsi di bawah ini:
a. *Lifting*
b. Harga
c. Tingkat diskonto
d. Beban operasi dan modal

Lifting: Lifting tahunan yang diproyeksikan ini berdasarkan rencana bisnis manajemen dengan mempertimbangkan kondisi saat ini dan ekspektasi masa depan.

Harga: Harga perkiraan minyak dan gas didasarkan pada estimasi manajemen dan data pasar yang tersedia.

Kenaikan sepuluh persen (10%) pada proyeksi harga minyak akan menaikkan jumlah terpulihkan aset minyak dan gas bumi masing-masing sebesar AS$103,2 juta, AS$117,9 juta dan AS$164,7 juta pada tanggal 31 Desember 2018, 2017 dan 2016.

Tingkat diskonto: Tingkat diskonto berasal dari Biaya Modal Rata-rata Tertimbang setelah pajak (*post-tax Weighted Average Cost of Capital* atau WACC), dengan penyesuaian yang dilakukan untuk mencerminkan risiko khusus untuk aset minyak dan gas bumi dan untuk menentukan tingkat sebelum pajak. WACC memperhitungkan, baik utang maupun ekuitas, dengan bobot sebagai berikut:

19. OIL AND GAS PROPERTIES (continued)

b. Impairment test on exploration and evaluation assets and oil and gas properties (continued)

Key assumptions used

The calculation of value in use for oil and gas properties is most sensitive to the following assumptions:
a. Lifting
b. Prices
c. Discount rates
d. Operating and capital expenses

Lifting: The projected annual lifting is based on management business plan considering the current conditions and future expectations.

Prices: Forecasted oil and gas prices are based on management's estimation and available market data.

The increase of ten percent (10%) in oil price forecast will increase the recoverable amount of oil and gas properties by US$103.2 million, US$117.9 million and US$164.7 million as of December 31, 2018, 2017 and 2016, respectively.

Discount rates: Discount rates are derived from the post-tax Weighted Average Cost of Capital (WACC), with appropriate adjustments made to reflect the risks specific to the oil and gas properties and to determine the pre-tax rate. The WACC takes into account both debt and equity, with weights as follows:

Bobot Utang dan Ekuitas Biaya Modal Rata-Rata Tertimbang/ *Weighted of Average Cost of Debt and Capital*

	2018	2017	2016	
Indonesia				***Indonesia***
Utang	68,97%	61,15%	81,60%	*Debt*
Ekuitas	31,03%	38,85%	18,40%	*Equity*
Luar Negeri				***Overseas***
Utang	31,00%	28,20%	0,20%	*Debt*
Ekuitas	69,00%	71,80%	99,80%	*Equity*

19. ASET MINYAK DAN GAS BUMI (lanjutan)

b. Uji penurunan nilai atas aset eksplorasi dan evaluasi, dan aset minyak dan gas bumi (lanjutan)

Biaya ekuitas sama dengan imbal hasil dari sekuritas yang bebas risiko ditambah dengan premi risiko ekuitas yang disesuaikan untuk risiko sistematis Grup. Biaya utang didasarkan pada perkiraan menyeluruh atas biaya rata-rata tertimbang pembiayaan Grup seolah-olah pembiayaannya menggunakan utang pada tanggal penilaian. Risiko khusus aset diperhitungkan melalui dimasukkannya faktor beta individual. Tingkat diskonto sebelum pajak (kecuali untuk Afrika dan Timur Tengah) adalah sebagai berikut:

19. OIL AND GAS PROPERTIES (continued)

b. Impairment test on exploration and evaluation assets and oil and gas properties (continued)

The cost of equity is equal to the return on risk-free securities plus the equity risk premium adjusted for the Group systematic risk. The cost of debt is based on the overall estimate of the weighted average cost of debt finance for the Group as if it were refinancing all of its debt at the valuation date. Asset-specific risk is incorporated by applying individual beta factors. The pre-tax (except for Africa and Middle East) discount rates are as follows:

	Diskonto sebelum pajak/ *Pre-tax discount rates*			
	2018	**2017**	**2016**	
UPK				***CGU***
Indonesia	16,61%	16,61%	16,07%	*Indonesia*
Luar negeri:				*Overseas*:
Afrika dan Timur Tengah	21,06%-39,99%	14,00% - 15,99%	15,91% - 17,77%	*Africa and Middle East*
Amerika Serikat	13,50%	13,50%	13,50%	*United States of America*

Kenaikan satu persen (1%) pada tingkat diskonto akan menurunkan jumlah terpulihkan aset minyak dan gas bumi masing-masing sebesar AS$60,4 juta, AS$64,9 juta dan AS$79,9 juta pada tanggal 31 Desember 2018, 2017 dan 2016.

The increase of one percent (1%) in discount rate will decrease the recoverable amount of oil and gas properties by US$60.4 million, US$64.9 million, US$79.9 million as of December 31, 2018, 2017 and 2016, respectively.

Beban operasi dan modal: Asumsi ini didasarkan pada perencanaan beban operasi dan modal Grup. Manajemen memiliki kontrol penuh atas biaya, dan percaya bahwa asumsi akan tercapai.

Operating and capital expenses: These assumptions are based on the Group's operating and capital expenses plan. The management has full control over the costs and believes that assumptions will be achievable.

Perubahan terhadap asumsi yang digunakan oleh manajemen dalam menentukan jumlah terpulihkan, khususnya tingkat diskonto dan harga minyak, dapat berdampak signifikan pada hasil pengujian. Manajemen berkeyakinan bahwa tidak terdapat kemungkinan yang beralasan bahwa asumsi utama tersebut di atas dapat berubah sehingga nilai yang terpulihkan masing-masing UPK menjadi lebih rendah dari nilai yang tercatat secara material.

Changes to the assumptions used by the management to determine the recoverable amount, in particular the discount rate and oil price, can have significant impact on the result of the impairment assessment. Management is of the opinion that there was no reasonably possible change in any of the key assumptions stated above that would cause the recoverable amount of the CGU to decline materially below its carrying amount.

Berdasarkan penelaahan atas aset minyak dan gas bumi secara individu, manajemen berkeyakinan bahwa tidak diperlukan penurunan nilai lebih lanjut atas aset minyak dan gas bumi pada tanggal 31 Desember 2018, 2017 dan 2016.

Based on the review of the individual oil and gas properties, the management believes that no further impairment in value of oil and gas properties is necessary as of December 31, 2018, 2017 and 2016.

20. *GOODWILL* / *20. GOODWILL*

	Jumlah/ *Amount*	
Saldo awal 1 Januari 2016	**37.125.795**	***Beginning balance, January 1, 2016***
Penambahan		*Additions*
Akuisisi entitas anak (Catatan 46)	1.017.204	*Acquisition of a subsidiary (Note 46)*
Pengurangan		*Deductions*
Penurunan nilai *goodwill*	(21.905.795)	*Impairment of goodwill*
Saldo akhir 31 Desember 2016	**16.237.204**	***Ending balance, December 31, 2016***
Penambahan		*Additions*
Akuisisi entitas anak (Catatan 46)	66.007.311	*Acquisition of a subsidiary (Note 46)*
Pengurangan		*Deductions*
Direklasifikasi ke aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual (Catatan 38)	(15.220.000)	*Reclassifed to non-current assets classified as held for sale (Note 38)*
Saldo akhir 31 Desember 2017	**67.024.515**	***Ending balance, December 31, 2017***
Penambahan	-	*Additions*
Pengurangan	-	*Deductions*
Saldo akhir 31 Desember 2018	**67.024.515**	***Ending balance, December 31, 2018***

Goodwill tersebut tidak diharapkan dapat dikurangkan untuk tujuan pelaporan pajak.

Goodwill is not expected to be deductible for tax purposes.

Akuisisi PT Medco Power Internasional (MPInt) (dahulu PT Saratoga Power ("SP"))

Efektif 3 Oktober 2017, Perusahaan mengakuisisi 77,68% kepemilikan atas PT Saratoga Power ("SP") dari PT Saratoga Sentra Business ("SSB"), dan S Asia III Luxembourg S.A.R.L. ("SAL"). PT Saratoga Power memiliki 51% kepemilikan di PT Medco Power Indonesia ("MPI"), dimana Perusahaan saat ini memiliki 49% kepemilikan atas MPI. Dengan transaksi ini, kepemilikan efektif Perusahaan atas MPI meningkat dari 49% menjadi 88,62%. Berdasarkan alokasi harga pembelian, Perusahaan mengakui *goodwill* dari akuisisi ini sebesar AS$66.007.311 (termasuk *goodwill* yang tercatat pada SP sebesar AS$21.243.397 sebelum tanggal akuisisi) (Catatan 46).

Acquisition of PT Medco Power Internasional (MPInt) (formerly PT Saratoga Power ("SP"))

Effective on October 3, 2017, the Company acquired 77.68% ownership in PT Saratoga Power ("SP") from PT Saratoga Sentra Business ("SSB"), and S Asia III Luxembourg S.A.R.L. ("SAL"). PT Saratoga Power owns 51% ownership in PT Medco Power Indonesia ("MPI"), where the Company currently owns 49% ownership in MPI. With this transaction, the effective portion of Company's stake in MPI increased from 49% to 88.62%. Based on the purchase price allocation, the Company recognized goodwill from this acquisition amounting to US$66,007,311 (including goodwill recorded in SP amounting to US$21,243,397 before the acquisition date) (Note 46).

20. *GOODWILL* (lanjutan)

Akuisisi ConocoPhillips Singapore Operations Pte Limited ("CSOP")

Pada tanggal 18 September 2016, Medco Natuna Pte Ltd menandatangani *Share Purchase and Sale Agreement* ("SPA") dengan ConocoPhillips Indonesia Holding Limited ("ConocoPhillips") dan ConocoPhillips Company untuk mengakuisisi 100% saham anak perusahaannya, ConocoPhillips Singapore Operations Pte Limited ("CSOP") dengan nilai pembelian sebesar AS$1.000.000. Saldo *goodwill* yang timbul dari akuisisi ini sebesar AS$1.017.204 (Catatan 46).

Akuisisi PT Api Metra Graha

Pada tanggal 17 Februari 2013, Perusahaan melakukan pembelian atas 49% saham di PT Api Metra Graha (AMG) yang dimiliki oleh Jaden Holdings Limited (Jaden).

Pada tanggal 17 Desember 2015, Perusahaan dan PT Medco Energi Nusantara, Entitas Anak yang dimiliki penuh, melakukan pembelian lanjutan atas 51% saham di AMG dengan nilai pembelian sebesar AS$166.842.105. Hasil dari akuisisi ini, Grup memiliki 100% saham di AMG. *Goodwill* yang diakui dari akuisisi ini adalah sebesar AS$37.125.795.

Uji penurunan nilai terhadap *Goodwill*

Dalam menguji apakah penurunan nilai *goodwill* diperlukan, nilai tercatat *goodwill* dialokasikan ke aset atau UPK yang relevan untuk mendapatkan nilai tercatat kombinasian. Nilai tercatat kombinasian tersebut dibandingkan dengan nilai terpulihkan UPK. Grup menguji penurunan nilai *goodwill* setiap tahun (pada tanggal 31 Desember) dan ketika keadaan yang mengindikasikan bahwa nilai tercatat mungkin mengalami penurunan nilai.

Untuk tujuan pengujian penurunan nilai tersebut, jumlah terpulihkan *goodwill* yang dialokasikan ditentukan berdasarkan "nilai pakai" (*value-in-use*) dengan menggunakan metode arus kas yang didiskontokan. Berikut adalah ringkasan dari asumsi utama yang digunakan:

20. GOODWILL (continued)

Acquisition of ConocoPhillips Singapore Operations Pte Limited ("CSOP")

On September 18, 2016, Medco Natuna Pte Ltd signed a Share Purchase and Sale Agreement ("SPA") with ConocoPhillips Indonesia Holding Limited ("ConocoPhillips") and ConocoPhillips Company, to acquire 100% shares of its subsidiaries, ConocoPhillips Singapore Operations Pte Limited ("CSOP") with acquisition price amounting to US$1,000,000. Goodwill that was recognized from this acquisition amounted to US$1,017,204 (Note 46).

Acquisition of PT Api Metra Graha

On February 17, 2013, the Company purchased 49% shares in PT Api Metra Graha (AMG) held by Jaden Holdings Limited (Jaden).

On December 17, 2015, the Company and PT Medco Energi Nusantara, a wholly-owned Subsidary of the Company, acquired additional 51% ownership in AMG for a purchase price of US$166,842,105. As a result of the acquisition, the Group has 100% share ownership in AMG. The goodwill that was recognized from this acquisition amounted to US$37,125,795.

Impairment test on Goodwill

In assessing whether impairment on goodwill is required, the carrying value of goodwill is allocated to the relevant assets or CGU to obtain combined carrying value. The combined carrying value is compared with CGU's recoverable amount. The Group performs testing of goodwill impairment annually (on December 31) and when circumstances indicate that the carrying value may be impaired.

For impairment testing purposes, the recoverable amounts of the goodwill allocated are determined based on "value-in-use" using discounted cash flows method. The following is the summary of key assumptions used:

20. *GOODWILL* (lanjutan)

Asumsi yang digunakan

PT Medco Power Internasional (MPInt) (dahulu PT Saratoga Power ("SP"))

Jumlah terpulihkan UPK ditentukan berdasarkan jumlah terpulihkan masing-masing entitas anak SP yang terdiri dari MPI dan entitas anaknya dengan menggunakan proyeksi arus kas yang didiskontokan dari rencana bisnis selama 11 sampai dengan 36 tahun yang merupakan periode kontrak entitas-entitas tersebut dengan pelanggan.

Tingkat diskonto: tingkat diskonto sebelum pajak yang digunakan pada tanggal 31 Desember 2018 adalah 5,43% sampai 9,91% yang dihasil dari rata-rata biaya modal tertimbang setelah dikurangi pajak (WACC) dari UPK, dengan tingkat bunga bebas risiko (5,01% - 9,17%) dan biaya utang (4,29% - 10,34%) yang sudah disesuaikan berdasarkan kondisi kini MPI dan entitas anaknya.

Harga listrik dan jasa perawatan: asumsi harga selama periode proyeksi berdasarkan data historis Grup dan estimasi manajemen atas fluktuasi harga masa depan dan penyesuaian. Harga listrik dan jasa perawatan yang diberikan oleh entitas anak MPI berkisar antara AS$0,05/kWh sampai dengan AS$0,09/kWh dan antara Rp205/kWh sampai dengan Rp1.296/kWh dengan asumsi jumlah produksi listrik berdasarkan proyeksi manajemen.

Biaya produksi listrik dan belanja modal: asumsi ini berdasarkan biaya produksi historis Grup dan rencana belanja modal.

Pada tanggal 31 Desember 2018, berdasarkan evaluasi manajemen, jumlah terpulihkan dari UPK adalah sebesar AS$577,1 juta, yang lebih tinggi dari nilai tercatat UPK. Sehingga, manajemen berpendapat tidak terdapat kerugian penurunan nilai yang diperlukan atas *goodwill* dari akuisisi MPInt.

PT Api Metra Graha

Jumlah terpulihkan *goodwill* ditentukan berdasarkan perhitungan nilai pasar wajar AMG meggunakan arus kas yang didiskontokan dari rencana bisinis selama 5 tahun dan menggunakan nilai sisa.

20. GOODWILL (continued)

Key assumptions used

PT Medco Power Internasional (MPInt) (formerly PT Saratoga Power ("SP"))

The recoverable amount of the CGU has been determined based on the recoverable amount of each of the subsidiaries of SP comprised of MPI and its subsidiaries using discounted cash flow projections from the business plan covering 11-year period to 36-year period which represents contract period for the respective entities with their customers.

Discount rate: the pre-tax discount rate used as of December 31, 2018 was 5.43% until 9.91% derived from the post-tax weighted average cost of capital (WACC) of the respective CGUs, with risk free rate (5.01% - 9.17%) and cost of debt (4.29% - 10.34%) which are already adjusted based on the current condition of MPI and its subsidiaries.

Electricity rates and maintenance service rates: forecasted prices over the projection period are based on historical rates of the Group and management's estimates on future price fluctuation and adjustments. Electricity rate and maintenance service rate which are provided by MPI subsidiaries are ranging from US$0.05/kWh until US$0.09/kWh and from Rp205/kWh until Rp1,296/kWh, with assumption of total electricity production based on management's projection.

Electricity production costs and capital expenditures: these assumptions are based on the Group's historical production costs and capital expenses plan.

As of December 31, 2018, based on management's evaluation, the total recoverable amount of the CGU is US$577.1 million, which is higher than the CGU's carrying amount. Therefore, management is of the opinion that there is no impairment losses is necessary on the goodwill arising from MPInt acquisition.

PT Api Metra Graha

The recoverable amount of goodwill has been determined based on the fair market value of AMG using discounted cash flow projections from the business plan covering 5-year period and using terminal value.

20. *GOODWILL* (lanjutan)

Asumsi yang digunakan (lanjutan)

PT Api Metra Graha (lanjutan)

Pada tanggal 31 Desember 2018, sebagai bagian dari rencana divestasi AMG dan untuk memenuhi persyaratan dari OJK terkait dengan rencana divestasi, manajemen melakukan valuasi terhadap nilai bisnis dari AMG termasuk nilai *goodwill*.

Tingkat diskonto: tingkat diskonto sebelum pajak yang digunakan pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing adalah sebesar 8,3%, 8,8% dan 12,25% diperoleh dari biaya modal rata-rata tertimbang setelah pajak (WACC).

Harga sewa: Harga sewa didasarkan pada estimasi manajemen dan data pasar yang tersedia.

Beban operasi dan modal: Asumsi ini didasarkan pada perencanaan beban operasi dan modal Grup. Manajemen memiliki kontrol penuh atas biaya, dan yakin bahwa asumsi akan tercapai.

Perubahan terhadap asumsi yang digunakan oleh manajemen dalam menentukan jumlah terpulihkan, khususnya tingkat diskonto dan tingkat pertumbuhan, dapat berdampak signifikan pada hasil pengujian. Manajemen berkeyakinan bahwa tidak terdapat kemungkinan yang beralasan bahwa asumsi utama tersebut di atas dapat berubah sehingga nilai tercatat *goodwill* yang dialokasikan pada UPK menjadi lebih tinggi dari nilai yang terpulihkan secara material.

Pada tanggal 31 Desember 2018 dan 2017, manajemen berkeyakinan tidak ada kerugian nilai atas *goodwill* (disajikan sebagai bagian dari "Aset Tidak Lancar yang Diklasifikasikan Sebagai Dimiliki untuk Dijual" pada tanggal 31 Desember 2018 dan 2017) yang diperlukan. Sementara itu, pada tanggal 31 Desember 2016, Grup mengakui kerugian penurunan nilai *goodwill* sebesar AS$21,9 juta dibandingkan dengan nilai tercatat karena kenaikan penawaran sewa gedung perkantoran di tahun 2016.

20. GOODWILL (continued)

Key assumptions used (continued)

PT Api Metra Graha (continued)

On December 31, 2018, as part of AMG's divestment plan and to fulfill OJK requirements pertaining to the divestment plan, management performed the business valuation of AMG which include the associated goodwill.

Discount rate: the pre-tax discount rate used as of December 31, 2018, 2017 and 2016 was 8.3%, 8.8% and 12.25%, respectively, derived from the post-tax weighted average cost of capital (WACC).

Rental prices: Forecasted rental prices are based on management's estimation and available market data.

Operating and capital expenses: These assumptions are based on the Group's operating and capital expenses plan. The management has full control over the costs, and believes that the assumptions will be achievable.

Changes to the assumptions used by the management to determine the recoverable amount, in particular the discount rate and growth rate, can have significant impact on the result of the impairment assessment. Management is of the opinion that there was no reasonably possible change in any of the key assumptions stated above that would cause the carrying amount of the goodwill allocated to the CGU to materially exceed its recoverable amount.

As of December 31, 2018 and 2017, the management believes that no impairment loss on goodwill (presented as part of "Non-Current Assets Classified As Held for Sale" as of December 31, 2018 and 2017) is necessary. Meanwhile, as of December 31, 2016, the Group recognized impairment loss on goodwill amounting to US$21.9 million against the carrying value as triggered by the higher supply of office building in 2016.

21. ASET LAIN-LAIN / *21. OTHER ASSETS*

Akun ini terdiri dari: / *This account consists of the following:*

	2018	2017	2016	
Lancar				*Current*
Uang muka	22.029.906	16.471.437	22.361.847	*Advances*
Uang muka kepada pihak berelasi	16.000.000	12.000.000	-	*Advance to a related party*
Investasi tersedia untuk dijual	6.211.302	6.136.728	-	*Available for sale-investment*
Lain-lain	-	750.782	-	*Others*
Jumlah	**44.241.208**	**35.358.947**	**22.361.847**	***Total***
Tidak lancar				*Non-current*
Uang muka kepada pihak berelasi	21.500.000	28.000.000	-	*Advance to a related party*
Uang muka untuk pembelian/sewa	6.258.102	5.972.491	3.614.924	*Advance payments for purchase/rental*
Setoran jaminan	3.389.440	3.975.108	1.214.719	*Security deposits*
Lisensi	2.319.218	2.383.492	-	*License*
Lain-lain	1.638.999	1.264.900	303.854	*Others*
Jumlah	**35.105.759**	**41.595.991**	**5.133.497**	***Total***

Pada tanggal 31 Desember 2018 dan 2017, uang muka terdiri dari pembayaran ke Kas Negara. Transaksi ini berkaitan dengan pembayaran PPh 4(2) Final atas pembelian hak partisipasi pada PSC South Natuna Sea Block B oleh PT Medco Energi Natuna (dahulu PT Medco CBM Rimau), entitas anak Grup. Uang muka tersebut dapat dikembalikan apabila transaksi dibatalkan.

As of December 31, 2018 and 2017, advances mostly consist of payment to State Treasury (Kas Negara). This transaction is related to the tax payment of Final Income Tax Art 4(2) on the purchase of participating interest in the PSC South Natuna Sea Block B by PT Medco Energi Natuna (formerly PT Medco CBM Rimau), a subsidiary of the Group. The advances can be recovered if the transaction is cancelled.

Uang muka kepada pihak berelasi merupakan uang muka yang dibayarkan kepada PT Medco Daya Abadi Lestari (MDAL) terkait dengan transaksi minyak mentah (Catatan 47).

Advance to a related party is advance to PT Medco Daya Abadi Lestari (MDAL) pertaining to crude oil transaction (Note 47).

Investasi tersedia untuk dijual merupakan 1.900 saham (4%) kepemilikan Grup pada PT Energi Sengkang. Pada tanggal 31 Desember 2018 dan 2017, keuntungan yang belum direalisasi atas investasi tersebut masing-masing adalah sebesar AS$1.030.499 dan AS$713.010 disajikan sebagai "Penyesuaian nilai wajar atas investasi tersedia untuk dijual" pada bagian ekuitas laporan posisi keuangan konsolidasian.

Available-for-sale investment represents 1,900 shares (4%) of the Group's ownership in PT Energi Sengkang. As of December 31, 2018 and 2017, the unrealized gain on the investment amounted to US$1,030,499 and US$713,010, respectively, is presented as "Fair value adjustment on available-for-sale investment" in the equity section of the consolidated statement of financial position.

Pada tanggal 31 Desember 2018 dan 2017, nilai wajar dari investasi tersedia untuk dijual ditentukan dengan menggunakan metode pendekatan pasar *guideline publicly traded companies* ("GPTC") berdasarkan laporan penilai independen. Dengan metode pendekatan pasar GPTC, nilai wajar berasal dari kelipatan harga perdagangan dari perusahan publik yang sebanding (misal: perusahaan pedoman) dengan obyek penilaian pada tanggal penilaian. Perhitungan dari nilai wajar dikategorikan sebagai level 2 pada hirarki nilai wajar.

As of December 31, 2018 and 2017, the fair value of the available for sale investment is determined using market approach guideline publicly traded companies (GPTC) method based on independent appraisal report. Under the market approach GPTC method, the fair value is derived from trading price multiples of selected set of comparable public companies (i.e.: guideline companies) to the valuation object at the valuation date. The calculation of fair value is categorized level 2 of the fair value hierarchy.

21. ASET LAIN-LAIN (lanjutan) / *21. OTHER ASSETS (continued)*

Grup mengadakan "Perjanjian Jual Beli Saham, Pembelian dan Pengalihan Saham" dengan PT Energi Wirabuana Cakra, dimana Grup setuju untuk menjual kepemilikan saham pada PT Energi Sengkang dengan harga disepakati sebesar AS$2.450 per saham. Penyelesaian transaksi tergantung pada pemenuhan semua persyaratan yang diberikan dalam kesepakatan antara lain, persetujuan pengalihan saham oleh Badan Koordinasi Penanaman Modal (BKPM) Indonesia dan Menteri Hukum dan Hak Asasi Manusia (Kemenkumham) dan pembayaran penuh dari harga yang disepakati. Pada tanggal 31 Desember 2018, kondisi tertentu yang diatur dalam perjanjian yang terkait dengan pemindahan penjualan saham tersebut belum terpenuhi. Dengan demikian, penjualan investasi saham belum dapat diselesaikan.

The Group entered into a "Binding Sale, Purchase and Transfer of Shares Agreement" with PT Energi Wirabuana Cakra, whereby the Group agreed to sell its share ownership in PT Energi Sengkang for an agreed price of US$2,450 per share. The consummation of the transaction is dependent upon the fulfillment of all conditions provided in the agreement, among others, approval of the transfer of the shares by the Indonesian Investment Coordinating Board (BKPM) and Ministry of Law and Human Rights (MOLHR) and full payment of the agreed price. As of December 31, 2018, certain conditions provided in the agreement related to the sale transfer of shares have not been fulfilled yet. Accordingly, the sale of the investment in shares has not been executed.

Saldo uang muka untuk pembelian/sewa terdiri atas pembayaran-pembayaran uang muka yang dibuat berkaitan dengan perolehan/sewa berbagai aset.

Advance payments for purchase/rental represent payments made in relation to the acquisition/rental of various assets.

22. UTANG USAHA / *22. TRADE PAYABLES*

Rincian dari akun ini adalah sebagai berikut:

This account consists of the following:

a. Berdasarkan Pemasok / *a. By Supplier*

	2018	2017	2016	
Pihak berelasi				*Related parties*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	19.723.777	24.689.287	-	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	1.055.311	-	-	*PT Medco Daya Energi Nusantara*
Sub-jumlah	20.779.088	24.689.287	-	*Sub-total*
Pihak ketiga				*Third parties*
Pemasok dalam negeri	58.719.536	75.485.532	50.032.325	*Local suppliers*
Pemasok luar negeri	39.572.159	39.567.028	54.887.704	*Foreign suppliers*
Sub-jumlah	98.291.695	115.052.560	104.920.029	*Sub-total*
Jumlah	**119.070.783**	**139.741.847**	**104.920.029**	***Total***

22. UTANG USAHA (lanjutan) / *22. TRADE PAYABLES (continued)*

b. Berdasarkan Umur / *b. By Aging Category*

	2018	2017	2016	
Sampai dengan 1 bulan	80.431.263	114.212.241	59.359.267	*Up to 1 month*
1 - 3 bulan	23.765.838	13.361.793	16.057.166	*1 - 3 months*
3 - 6 bulan	8.706.211	1.209.382	1.344.526	*3 - 6 months*
6 bulan - 1 tahun	961.008	759.548	10.763.815	*6 months - 1 year*
Lebih dari 1 tahun	5.206.463	10.198.883	17.395.255	*More than 1 year*
Jumlah	**119.070.783**	**139.741.847**	**104.920.029**	***Total***

c. Berdasarkan Mata Uang / *c. By Currency*

	2018	2017	2016	
Dolar Amerika Serikat	72.014.248	115.023.332	92.422.034	*United States Dollar*
Rupiah	47.003.820	24.683.385	11.894.946	*Rupiah*
Lain-lain	52.715	35.130	603.049	*Others*
Jumlah	**119.070.783**	**139.741.847**	**104.920.029**	***Total***

Utang usaha baik dari pemasok dalam negeri maupun luar negeri tidak dikenakan bunga dan tidak dijaminkan dan secara umum mempunyai masa kredit sampai dengan satu bulan.

Trade payables to both local and foreign suppliers are non-interest bearing and unsecured and generally have credit terms of up to one month.

23. UTANG LAIN-LAIN / *23. OTHER LIABILITIES*

a. Uang muka dari pelanggan / *a. Advances from customers*

	2018	2017	2016	
Pihak berelasi				*Related parties*
PT Bank Woori Saudara Indonesia 1906 Tbk	-	-	196.099	*PT Bank Woori Saudara Indonesia 1906 Tbk*
PT Medco Power Indonesia	-	-	158.410	*PT Medco Power Indonesia*
Jumlah	**-**	**-**	**354.509**	***Total***
Pihak ketiga				*Third parties*
Lukoil Asia Pacific Pte Ltd (Catatan 47)	86.824.769	151.607.378	-	*Lukoil Asia Pacific Pte Ltd (Note 47)*
PT Metaepsi Pejebe Power Generation	6.263.327	-	-	*PT Metaepsi Pejebe Power Generation*
Perusahaan Daerah Mura Energi	1.100.614	943.135	857.187	*Perusahaan Daerah Mura Energi*
Lain-lain (masing-masing di bawah AS$1.000.000)	1.286.437	1.013.627	3.111.883	*Others (each below US$1,000,000)*
Jumlah	**95.475.147**	**153.564.140**	**3.969.070**	***Total***
Bagian yang jatuh tempo dalam satu tahun	(87.975.147)	(153.564.140)	(3.969.070)	*Current portion*
Bagian jangka panjang	**7.500.000**	**-**	**-**	***Long-term portion***

23. UTANG LAIN-LAIN (lanjutan) / *23. OTHER LIABILITIES (continued)*

b. Utang lain-lain / *b. Other payables*

	2018	2017	2016	
Pihak berelasi				*Related parties*
PT Medco Daya Abadi Lestari (Catatan 38)	10.000.000	-	-	*PT Medco Daya Abadi Lestari (Note 38)*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	2.206.361	-	-	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	108.631	-	-	*PT Medco Daya Energi Nusantara*
Kuala Langsa (Block A) Limited (KLL)	79.591	-	-	*Kuala Langsa (Block A) Limited (KLL)*
Jumlah	**12.394.583**	**-**	**-**	***Total***
Pihak ketiga				*Third parties*
Utang untuk pembiayaan kegiatan konstruksi dan operasi	29.617.876	25.083.554	-	*Payables for construction and operation activities financing*
Tomori E&P Limited	27.927.598	21.359.509	120.654	*Tomori E&P Limited*
Utang *overlifting*	22.888.843	43.504.748	10.014.964	*Overlifting payable*
Utang kepada Operasi Bersama	7.890.928	67.195.078	58.945.523	*Payables to Joint Operations*
Utang kepada Japex Block A Pte Ltd (Catatan 46)	5.000.000	5.000.000	5.000.000	*Payable to Japex Block A Pte Ltd (Note 46)*
BP West Java Ltd	4.536.217	4.536.217	4.536.217	*BP West Java Ltd*
Asuransi	2.178.128	2.192.921	2.002.317	*Insurance*
Utang kepada Lundin Sea Holding B.V. (Catatan 46)	2.166.242	2.166.242	2.166.242	*Payable to Lundin Sea Holding B.V. (Note 46)*
Karyawan	1.264.283	2.824.473	2.573.970	*Employees*
Cityview Energy Corp Ltd	1.008.980	1.008.980	1.008.980	*Cityview Energy Corp Ltd*
Kewajiban pajak atas *First Tranche Petroleum*	-	384.386	47.729.388	*Tax payable on First Tranche Petroleum*
HyOil (Bawean) Pte Ltd	-	-	4.535.694	*HyOil (Bawean) Pte Ltd*
Setoran jaminan	-	-	4.007.537	*Security deposits*
Biaya Perolehan atas Hak Tanah dan Bangunan (BPHTB)	-	-	1.547.133	*Duty on Transfer of Property Title*
Lain-lain (masing-masing di bawah AS$1.000.000)	15.281.259	13.994.248	13.813.515	*Others (each below US$1,000,000)*
Jumlah	**119.760.354**	**189.250.356**	**158.002.134**	***Total***
Bagian yang jatuh tempo dalam satu tahun	(102.043.710)	(171.925.141)	(102.524.904)	*Current portion*
Bagian jangka panjang	**17.716.644**	**17.325.215**	**55.477.230**	***Long-term portion***

23. UTANG LAIN-LAIN (lanjutan)

Utang kepada Tomori E&P Ltd ("TEL") merupakan utang atas bagian TEL terkait penjualan minyak mentah yang dilakukan oleh PT Medco E & P Tomori Sulawesi.

Utang untuk pembiayaan kegiatan konstruksi dan operasi merupakan utang atas pembiayaan proyek pembangunan dan untuk operasi proyek pembangkit tenaga listrik.

Utang *overlifting* merupakan utang kepada SKK Migas dan PT Pertamina Hulu Energi dari operasi minyak dan gas bumi.

Utang kepada Operasi Bersama merupakan utang atas aktivitas eksplorasi dan produksi yang berkaitan dengan kontrak kerjasama dimana Grup bukan merupakan operator.

Utang kepada BP West Java Ltd merupakan jumlah yang akan dibayar oleh PT Medco E & P Tomori Sulawesi, entitas anak, pada saat produksi Blok Senoro-Toili telah mencapai volume tertentu sebagaimana ditetapkan dalam perjanjian.

Kewajiban pajak atas *First Tranche Petroleum* (FTP) pada tanggal 31 Desember 2017 dan 2016 merupakan bagian kurang bayar pajak penghasilan badan dan pajak dividen untuk FTP entitas anak untuk tahun pajak 2008 sampai 2017. Entitas anak akan membayar pajak tersebut jika terdapat "*Equity to be split*" dari penjualan minyak dan gas bumi. Pada tahun 2018, Grup melakukan pembayaran atas kewajiban pajak tersebut.

Utang kepada HyOil (Bawean) Pte Ltd terkait dengan *cash call* untuk bulan Juli sampai dengan September 2016.

Setoran jaminan merupakan uang jaminan dari penyewa untuk keperluan penyewaan gedung The Energy yang dibayarkan kepada PT Api Metra Graha (AMG), entitas anak. Biaya Perolehan atas Hak Tanah dan Bangunan (BPHTB) merupakan kewajiban pajak AMG atas pembelian gedung Medco Ampera. Pada tanggal 31 Maret 2017, setoran jaminan dan BPHTB telah direklasifikasi sebagai "Liabilitas yang secara langsung berhubungan dengan aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual" (Catatan 38).

23. OTHER LIABILITIES (continued)

Payable to Tomori E&P Ltd ("TEL") represents payable for TEL's share related to sale of crude oil by PT Medco E & P Tomori Sulawesi.

Payables for construction and operation activities financing represent payables for financing power plant construction and for the operation of power plant projects.

Overlifting payables are payables to SKK Migas and PT Pertamina Hulu Energi from oil and gas operation.

Payables to Joint Operations represent payables for exploration and production activities related to joint operations, where the Group is not the operator.

Payable to BP West Java Ltd represents the amount to be paid by PT Medco E & P Tomori Sulawesi, a subsidiary, once the production from the Senoro-Toili Block has reached certain volume as stipulated in the agreement.

Tax payable on First Tranche Petroleum (FTP) as of December 31, 2017 and 2016 is part of underpayment of income tax and dividend tax on subsidiaries FTP for fiscal years 2008 until 2017. The subsidiaries will pay the tax if there is "Equity to be split" from the sale of oil and gas. During the year 2018, the Group has settled those tax payable.

Payable to HyOil (Bawean) Pte Ltd pertains to cash calls for the months of July to September 2016.

Security deposits are deposits from tenants pertaining to office space lease which were paid to PT Api Metra Graha (AMG), a subsidiary. Duty on Transfer of Property is AMG's tax payable in purchase of Medco Ampera's building. As of March 31, 2017, security deposits and BPHTB is reclassified as part of "Liabilities directly associated with the non-current assets classified as held for sale" (Note 38).

24. UTANG PAJAK / *24. TAXES PAYABLE*

Akun ini terdiri dari: / *This account consists of:*

	2018	2017	2016	
Perusahaan				*The Company*
Pajak Penghasilan (PPh) Badan	-	296.558	-	*Corporate Income Tax*
Pajak penghasilan:				*Income tax:*
Pasal 4(2)	369.272	384.931	405.551	*Article 4(2)*
Pasal 15	32.621	32.270	14.813	*Article 15*
Pasal 21	332.888	818.382	46.720	*Article 21*
Pasal 23	258.124	230.158	27.341	*Article 23*
Pasal 26	-	3.163	4.322	*Article 26*
Sub-jumlah	**992.905**	**1.765.462**	**498.747**	***Sub-total***
Entitas anak				*Subsidiaries*
Pajak penghasilan (PPh) Badan	22.285.532	37.557.452	23.804.024	*Corporate income tax*
Pajak penghasilan:				*Income tax:*
Pasal 4(2)	357.402	531.313	2.258.814	*Article 4(2)*
Pasal 15	31.433	45.470	3.960	*Article 15*
Pasal 21	1.158.766	1.258.806	1.024.295	*Article 21*
Pasal 23	1.419.266	447.735	112.291	*Article 23*
Pasal 26	248.543	5.109	900	*Article 26*
Pajak Pertambahan Nilai (PPN)	2.203.220	5.165.783	4.675.495	*Value-added Tax (VAT)*
Sub-jumlah	27.704.162	45.011.668	31.879.779	*Sub-total*
Jumlah	**28.697.067**	**46.777.130**	**32.378.526**	***Total***

Surat Ketetapan Pajak (SKP)

Audit pajak untuk PPh Badan oleh Kantor Pajak Indonesia atas Perusahaan untuk tahun pajak 2014 telah selesai. Perusahaan telah menerima Surat Ketetapan Pajak Lebih Bayar (SKPLB) sejumlah AS$2 juta pada tanggal 18 Oktober 2016. Jumlah lebih bayar tersebut telah diterima Perusahaan pada tanggal 1 Februari 2017.

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2018 adalah sebagai berikut:

Tax Assessment Letters

The tax audit by the Indonesia Tax Office (ITO) on the Company's corporate income tax for fiscal year 2014 has been completed. The Company received overpayment tax assessment letter amounting to US$2 million on October 18, 2016. The refund was received on February 1, 2017.

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2018 are as follows:

PT Exspan Petrogas Intranusa (EPI) / ***PT Exspan Petrogas Intranusa (EPI)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2015/ *Corporate Income Tax Year 2015*	SKP Lebih Bayar/ *Overpayment Tax Assessment Letter*	Rp6.426.840.194	Rp47.806.314.376 (Koreksi fiskal/ *Fiscal correction)*	KEP-02094/KEB/WPJ.07/2018 16 Juli 2018/ *July 16, 2018*	Banding/ *Appeal*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2018 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2018 are as follows (continued):

PT Medco E & P Tarakan (MEPT) / ***PT Medco E & P Tarakan (MEPT)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters*	Status/ *Status*
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp96.849.440	Nihil/*Nil*	KEP-00385/KEB/WPJ.07/2018 14 Februari 2018/ *February 14, 2018*	Banding/ *Appeal*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$22.884/ *US$22,884*	Nihil/*Nil*	KEP-00345/KEB/WPJ.07/2018 15 Februari 2018/ *February 15, 2018*	Banding/ *Appeal*
PPh 23 Tahun 2012/ *WHT Art 23 Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp297.592.727	Nihil/*Nil*	KEP-01983/KEB/WPJ.07/2018 10 Juli 2018/ *July 10, 2018*	Banding/ *Appeal*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$65.687/ *US$65,687*	Nihil/*Nil*	KEP-02068/KEB/WPJ.07/2018 13 Juli 2018/ *July 13, 2018*	Banding/ *Appeal*

PT Medco E & P Rimau (MEPR) / ***PT Medco E & P Rimau (MEPR)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters*	Status/ *Status*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$296.079/ *US$296,079*	Nihil/*Nil*	KEP-01129/KEB/WPJ.07/2017 21 Juni 2017/ *June 21, 2017*	Banding/ *Appeal*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$246.276/ *US$246,276*	Nihil/*Nil*	KEP-02267/KEB/WPJ.07/2018 25 Juli 2018/ *July 25, 2018*	Banding/ Appeal
PPh Pasal 23 Mei, Agustus & Oktober 2012/ *WHT Art 23 May, August & October 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp262.817.167	Nihil/Nil	Berbagai nomor/ *Various numbers* Juni 2018/ *June, 2018*	Banding/ *Appeal*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2018 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2018 are as follows (continued):

PT Medco E & P Rimau (MEPR) (lanjutan)

PT Medco E & P Rimau (MEPR) (continued)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPN April, Mei, Agustus & Oktober 2012/ *VAT April, May, August & October 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp1.406.124.135	Nihil/Nil	Berbagai nomor/ *Various numbers* Juni 2018/ *June, 2018*	Banding/ *Appeal*
PPN Maret, Juni, Juli dan November 2013/ *VAT March, June, July and November 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp412.173.045	Nihil/*Nil*	Berbagai nomor/ *Various numbers* Agustus 2018/ *August, 2018*	Banding/ *Appeal*

PT Medco E & P Indonesia (MEPI)

PT Medco E & P Indonesia (MEPI)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$441.089/ *US$441,089*	Nihil/*Nil*	KEP-01689/KEB/WPJ.07/2017 30 Oktober 2017/ *October 30, 2017*	Banding/ *Appeal*
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp1.116.502.686	Rp2.149.293	KEP-01690/KEB/WPJ.07/2017 30 Oktober 2017/ *October 30, 2017*	Banding/ *Appeal*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$756.773/ *US$756,773*	Nihil/*Nil*	KEP-02392/KEB/WPJ.07/2018 7 Agustus 2018/ *August 7, 2018*	Banding/ *Appeal*
PPh 23 Mei-Desember Tahun 2012/ *WHT Art 23 May-December Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.076.553.704	Rp9.796.638	KEP-02419/KEB/WPJ.07/2018 7 Agustus 2018/ *August 7, 2018*	Banding/ *Appeal*
PPN Desember Tahun 2012/ *VAT December Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp183.354.857	Nihil/*Nil*	KEP-02420/KEB/WPJ.07/2018 7 Agustus 2018/ *August 7, 2018*	Banding/ *Appeal*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2018 adalah sebagai berikut (lanjutan):

PT Medco E & P Indonesia (MEPI) (lanjutan)

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2018 are as follows (continued):

PT Medco E & P Indonesia (MEPI) (continued)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 23 Desember Tahun 2013/ *WHT Art 23 December Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp234.873.290	Nihil/*Nil*	KEP-03405/KEB/WPJ.07/2018 5 Oktober 2018 *October 5, 2018*	Banding/ *Appeal*
PPN Januari-Desember Tahun 2013/ *VAT January-December Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp1.725.680.244	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 7 Agustus 2017/ *August 7, 2017*	Banding/ *Appeal*

PT Medco E & P Lematang (MEPL)

PT Medco E & P Lematang (MEPL)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPN Mei Tahun 2013/ *VAT May Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp114.362.101	Nihil/*Nil*	KEP-02935/KEB/WPJ.07/2018 7 September 2018/ *September 7, 2018*	Banding/ *Appeal*

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut:

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows:

PT Exspan Petrogas Intranusa (EPI)

PT Exspan Petrogas Intranusa (EPI)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2015/ *Corporate Income Tax Year 2015*	SKP Lebih Bayar/ *Overpayment Tax Assessment Letter*	Rp6.426.840.194	Rp47.806.314.376 (Koreksi fiskal/ *Fiscal correction)*	00007/406/15/081/17 26 April 2017/ *April 26, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows (continued):

PT Medco LNG Indonesia (MLI) / ***PT Medco LNG Indonesia (MLI)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2013/ *Corporate Income Tax Year 2013*	SKP Lebih Bayar/ *Overpayment Tax Assessment Letter*	Rp8.028.707.391	Rp77.059.433.930 (Koreksi fiskal/ *Fiscal correction)*	KEP-00090/KEB/WPJ.30/2016 24 Juni 2016/ *June 24, 2016*	Banding/ *Appeal*

PT Medco E & P Tarakan (MEPT) / ***PT Medco E & P Tarakan (MEPT)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp96.849.440	Nihil/*Nil*	00077/203/11/081/16 2 Desember 2016/ *December 2, 2016*	Keberatan/ *Objection*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$22.884/ *US$22,884*	Nihil/*Nil*	00030/216/11/081/16 2 Desember 2016/ *December 2, 2016*	Keberatan/ *Objection*
PPh 23 Tahun 2012/ *WHT Art 23 Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp297.592.727	Nihil/*Nil*	00028/203/12/081/17 27 April 2017/ *April 27, 2017*	Keberatan/ *Objection*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$65.687/ *US$65,687*	Nihil/*Nil*	00009/216/12/081/17 17 April 2017/ *April 17, 2017*	Keberatan/ *Objection*
PPh 23 Juni - Desember 2013/ *WHT Art 23 June - December 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp23.000.751	Nihil/*Nil*	Berbagai nomor/*Various numbers* 19 Mei 2017/ *May 19, 2017*	Keberatan/ *Objection*
PPN Juni - Desember 2013/ *VAT June - December 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp115.017.075	Nihil/*Nil*	Berbagai nomor/*Various numbers* 19 Mei 2017/ *May 19, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows (continued):

PT Medco E & P Rimau (MEPR) / ***PT Medco E & P Rimau (MEPR)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 21 Tahun 2009/ *WHT Art 21 Year 2009*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp5.171.814.354	Nihil/*Nil*	KEP-2681/WPJ.07/2013 23 Desember 2013/ *December 23, 2013*	Banding/ *Appeal*
PPh 23 Tahun 2009/ *WHT Art 23 Year 2009*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp703.572.161	Nihil/*Nil*	KEP-2623/WPJ.07/2013 12 Desember 2013/ *December 12, 2013*	Banding/ *Appeal*
PPh Final 4(2) Tahun 2009/ *WHT Art 4(2) Final Year 2009*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.732.870.610	Nihil/*Nil*	KEP-2652/WPJ.07/2013 17 Desember 2013/ *December 17, 2013*	Banding/ *Appeal*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$296.079/ *US$296,079*	Nihil/*Nil*	KEP-01129/KEB/WPJ.07/2017 21 Juni 2017/ *June 21, 2017*	Banding/ *Appeal*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$246.276/ *US$246,276*	Nihil/*Nil*	00016/216/12/081/17 3 Mei 2017/ *May 3, 2017*	Keberatan/ *Objection*
PPh Pasal 15 November - Desember 2012/ *WHT Art 15 November - December 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp166.308.235	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 30 Maret 2017/ *March 30, 2017*	Keberatan/ *Objection*
PPh Pasal 23 Maret - Desember 2012/ *WHT Art 23 March - December 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp286.613.157	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 30 Maret 2017/ *March 30, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows (continued):

PT Medco E & P Rimau (MEPR) (lanjutan)

PT Medco E & P Rimau (MEPR) (continued)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPN Maret - Desember 2012/ *VAT March - December 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.925.630.872	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 30 Maret 2017/ *March 30, 2017*	Keberatan/ *Objection*
PPh Pasal 23 Januari - Desember 2013/ *WHT Art 23 January - December 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp40.102.537	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 26 Mei 2017/ *May 26, 2017*	Keberatan/ *Objection*
PPN Januari - Desember 2013/ *VAT January - December 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp605.621.919	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 26 Mei 2017/ *May 26, 2017*	Keberatan/ *Objection*

PT Medco E & P Indonesia (MEPI)

PT Medco E & P Indonesia (MEPI)

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$441.089,06/ *US$441,089.06*	Nihil/*Nil*	KEP-01689/KEB/WPJ.07/2017 30 Oktober 2017/ *October 30, 2017*	Banding/ *Appeal*
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp1.116.502.686	Rp2.149.293	KEP-01690/KEB/WPJ.07/2017 30 Oktober 2017/ *October 30, 2017*	Banding/ *Appeal*
PPh Badan Tahun 2012/ *Corporate Income Tax Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	AS$756.773/ *US$756,773*	Nihil/*Nil*	00018/216/12/081/7 9 Mei 2017/ *May 9, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows (continued):

PT Medco E & P Indonesia (MEPI) (lanjutan) / ***PT Medco E & P Indonesia (MEPI) (continued)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 23 Mei-Desember Tahun 2012/ *WHT Art 23 May-December Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.079.149.502	Rp9.796.638	00038/203/12/081/17 9 Mei 2017/ *May 9, 2017*	Keberatan/ *Objection*
PPN Desember Tahun 2012/ *VAT December Year 2012*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp6.637.076.108	Nihil/*Nil*	00096/287/12/081/17 9 Mei 2017/ *May 9, 2017*	Keberatan/ *Objection*
PPh 21 Januari-Desember Tahun 2013/ *WHT Art 21 January-December Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp54.707.783	Nihil/*Nil*	00008/201/13/081/17 7 Agustus 2017/ *August 7, 2017*	Keberatan/ *Objection*
PPh 23 Januari-Desember Tahun 2013/ *WHT Art 23 January-December Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp445.200.235	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 7 Agustus 2017/ *August 7, 2017*	Keberatan/ *Objection*
PPN Januari-Desember Tahun 2013/ *VAT January-December Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.279.347.064	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 7 Agustus 2017/ *August 7, 2017*	Keberatan/ *Objection*

PT Medco E & P Lematang (MEPL) / ***PT Medco E & P Lematang (MEPL)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 23 Januari - Februari Tahun 2013/ *WHT Art 23 January - February Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.602.499	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*
PPh 23 April - Juli Tahun 2013/ *WHT Art 23 April - July Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp30.298.476	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2017 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2017 are as follows (continued):

PT Medco E & P Lematang (MEPL) (lanjutan) / ***PT Medco E & P Lematang (MEPL) (continued)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh 23 September dan November Tahun 2013/ *WHT Art 23 September and November Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp708.920	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*
PPh 4(2) April Tahun 2013/ *WHT Art 4(2) April Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp441.040	Nihil/*Nil*	00003/240/13/081/17 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*
PPN Januari - Februari Tahun 2013/ *VAT January - February Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp13.012.493	Nihil/*Nil*	Berbagai nomor/ *Various number* 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*
PPN April - Juli Tahun 2013/ *VAT April - July Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp149.276.498	Nihil/*Nil*	Berbagai nomor/ *Various numbers* 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*
PPN September Tahun 2013/ *VAT September Year 2013*	SKP Kurang Bayar/ *Underpayment Tax Assessment Letter*	Rp2.368.000	Nihil/*Nil*	00038/287/13/081/17 16 Juni 2017/ *June 16, 2017*	Keberatan/ *Objection*

PT Mitra Energi Batam / ***PT Mitra Energi Batam***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Amount of Objection/Appeal According to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date of Latest Tax Letters***	**Status/ *Status***
PPh Badan Tahun 2015/ *Corporate Income Tax Year 2015*	SKP Lebih Bayar/ *Overpayment Tax Assessment Letter*	Rp3.852.455.884	Rp1.318.405.938 (Koreksi fiskal/ *Fiscal correction)*	00011/406/15/217/17 27 April 2017/ *April 27, 2017*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan) / *24. TAXES PAYABLE (continued)*

Surat Ketetapan Pajak (SKP) (lanjutan) / *Tax Assessment Letters (continued)*

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2016 adalah sebagai berikut:

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2016 are as follows:

PT Medco E & P Tarakan (MEPT) / ***PT Medco E & P Tarakan (MEPT)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp96.849.440	Nihil/*Nil*	00077/203/11/081/16 2 Desember 2016/ *December 2, 2016*	Keberatan/ *Objection*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	AS$22.884/ *US$22,884*	Nihil/*Nil*	00030/216/11/081/16 2 Desember 2016/ *December 2, 2016*	Keberatan/ *Objection*

PT Medco LNG Indonesia (MLI) / ***PT Medco LNG Indonesia (MLI)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPh Badan Tahun 2013/ *Corporate Income Tax Year 2013*	SKP Lebih Bayar/ *Overpayment Tax assesment letter*	Rp8.028.707.391	Rp 77.059.433.930 (Koreksi fiskal/ *Fiscal corredion*	KEP-00090/KEB/WPJ.30/ 2016 24 Juni 2016/ *June 24, 2016*	Banding/ *Appeal*

PT Medco E & P Rimau (MEPR) / ***PT Medco E & P Rimau (MEPR)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPh 21 Tahun 2009/ *WHT Art 21 Year 2009*	SKP Kurang Bayar/ *Underpayment Tax Assesment Letter*	Rp5.171.814.354	Nihil/*Nil*	KEP-2681/WPJ.07/2013 23 Desember 2013/ *December 23, 2013*	Banding/ *Appeal*
PPh 23 Tahun 2009/ *WHT Art 23 Year 2009*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp703.572.161	Nihil/*Nil*	KEP-2623/WPJ.07/2013 12 Desember 2013/ *December 12, 2013*	Banding/ *Appeal*
PPh Final 4(2) Tahun 2009/ *WHT Art 4(2) Final Year 2009*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp2.732.870.610	Nihil/*Nil*	KEP-2652/WPJ.07/2013 17 Desember 2013/ *December 17, 2013*	Banding/ *Appeal*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2016 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2016 are as follows (continued):

PT Medco E & P Rimau (MEPR) (lanjutan) / ***PT Medco E & P Rimau (MEPR) (continued)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	AS$296.079/ *US$296,079*	Nihil/*Nil*	00005/216/11/081/16 14 April 2016/ *April 14, 2016*	Keberatan/ *Objection*

PT Medco E & P Indonesia (MEPI) / ***PT Medco E & P Indonesia (MEPI)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPh Badan Tahun 2011/ *Corporate Income Tax Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	AS$454.470/ *US$454,470*	Nihil/*Nil*	00002/206/11/081/16 10 Agustus 2016/ *August 10, 2016*	Keberatan/ *Objection*
PPh 23 Tahun 2011/ *WHT Art 23 Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp1.150.306.880	Rp1.148.157.587	00064/203/11/081/16 10 Agustus 2016/ *August 10, 2016*	Keberatan/ *Objection*

PT Medco E & P Lematang (MEPL) / ***PT Medco E & P Lematang (MEPL)***

Jenis Pajak dan Masa/*Type of Tax and Period*	Jenis/*Type*	Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority*	Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group*	Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters*	Status/ *Status*
PPN Januari Tahun 2011/ *VAT January Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp1.225.440	Nihil/*Nil*	00036/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Februari Tahun 2011/ *VAT February Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp3.698.890	Nihil/*Nil*	00037/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Maret Tahun 2011/ *VAT March Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp2.018.188	Nihil/*Nil*	00038/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2016 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2016 are as follows (continued):

PT Medco E & P Lematang (MEPL) (lanjutan) / ***PT Medco E & P Lematang (MEPL) (continued)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters***	**Status/ *Status***
PPN April Tahun 2011/ *VAT April Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp1.730.564	Nihil/*Nil*	00039/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Mei Tahun 2011/ *VAT May Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp6.204.604	Nihil/*Nil*	00040/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Agustus Tahun 2011/ *VAT August Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp6.453.382	Nihil/*Nil*	00041/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Oktober Tahun 2011/ *VAT October Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp7.524.718	Nihil/*Nil*	00042/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN November Tahun 2011/ *VAT November Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp3.674.721	Nihil/*Nil*	00043/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Desember Tahun 2011/ *VAT December Year 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp4.214.066	Nihil/*Nil*	00044/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2016 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2016 are as follows (continued):

BUT Camar Resources Canada

BUT Camar Resources Canada

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters***	**Status/ *Status***
PPN Januari 2011/ *VAT January 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp122.521.469	Nihil/*Nil*	00024/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Februari 2011/ *VAT February 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp219.334.192	Nihil/*Nil*	00025/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Maret 2011/ *VAT March 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp116.567.337	Nihil/*Nil*	00026/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN April 2011/ *VAT April 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp121.598.162	Nihil/*Nil*	00027/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Mei 2011/ *VAT Mei 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp205.259.248	Rp203.324.850	00028/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Juni 2011/ *VAT June 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp241.802.521	Nihil/*Nil*	00032/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Juli 2011/ *VAT July 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp115.551.448	Nihil/*Nil*	00029/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*

24. UTANG PAJAK (lanjutan)

Surat Ketetapan Pajak (SKP) (lanjutan)

Klaim pajak Grup yang masih belum terselesaikan akibat terbitnya Surat Ketetapan sampai tanggal 31 Desember 2016 adalah sebagai berikut (lanjutan):

24. TAXES PAYABLE (continued)

Tax Assessment Letters (continued)

The Group's unresolved tax claims due to the issuance of tax assessment letters up to December 31, 2016 are as follows (continued):

BUT Camar Resources Canada (lanjutan) / ***BUT Camar Resources Canada (continued)***

Jenis Pajak dan Masa/*Type of Tax and Period*	**Jenis/*Type***	**Jumlah Penilaian Menurut Otoritas Pajak/*Assessed Amount by Tax Authority***	**Jumlah Keberatan/Banding menurut Grup/ *Objection/Appeal According amount to the Group***	**Nomor dan Tanggal Surat Pajak Terakhir/ *Number and Date Latest Tax Letters***	**Status/ *Status***
PPN Agustus 2011/ *VAT August 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp247.198.406	Rp245.066.513	00033/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN September 2011/ *VAT September 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp264.696.835	Nihil/*Nil*	00030/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Oktober 2011/ *VAT October 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp241.241.225	Nihil/*Nil*	00034/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN November 2011/ *VAT November 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp465.259.284	Nihil/*Nil*	00035/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*
PPN Desember 2011/ *VAT December 2011*	SKP Kurang Bayar/ *Underpayment Tax assesment letter*	Rp287.823.944	Nihil/*Nil*	00031/287/11/081/16 28 Januari 2016/ *January 28, 2016*	Keberatan/ *Objection*

Manajemen berkeyakinan Grup telah menaati ketentuan perpajakan yang berlaku di Indonesia dan di yurisdiksi pajak lainnya.

Manajemen berpendapat tidak diperlukan pencadangan atas ketidakpastian posisi perpajakan dari Surat Ketetapan Pajak yang disebutkan di atas.

Management believes the Group has fully complied with the tax requirements in Indonesia and in other tax jurisdictions.

Management is of the opinion that no provision is necessary for uncertain tax position from the above mentioned Tax Assessment Letters.

25. BIAYA AKRUAL DAN PROVISI LAIN-LAIN / *25. ACCRUED EXPENSES AND OTHER PROVISIONS*

Akun ini terdiri dari: / *This account consists of:*

	2018	2017	2016	
Kontrak jasa	93.169.125	68.232.129	45.034.418	*Contract services*
Bunga	41.361.557	25.668.913	14.958.849	*Interest*
Operasi bersama	3.580.131	3.883.555	3.161.622	*Joint operations*
Jasa profesional	2.269.614	7.359.402	2.556.838	*Professional fees*
Sewa	2.029.769	2.477.483	1.702.420	*Rentals*
Tenaga kerja	1.477.227	1.604.786	6.415.522	*Labor supply*
Beban operasional lainnya	5.165.710	5.518.150	1.662.578	*Other operating expenses*
Jumlah	**149.053.133**	**114.744.418**	**75.492.247**	***Total***

26. DERIVATIF / *26. DERIVATIVES*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	2018 Aset Derivatif/ *Derivative Assets*	2018 Liabilitas Derivatif/ *Derivative Liabilities*	2018 Keuntungan (Kerugian)/ *Gain (Loss)*	2017 Aset Derivatif/ *Derivative Assets*	2017 Liabilitas Derivatif/ *Derivative Liabilities*	2017 Keuntungan (Kerugian)/ *Gain (Loss)*	2017 Penambahan dari akuisi/ *Addition from Acquisiton*
Perusahaan/ *The Company*								
PT DBS Bank Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	16.068.492	6.583.916	4.265.600	26.918.008	40.742.956	-
Standard Chartered Bank	Perjanjian *swap* atas mata uang silang/ Cross-currency swap	-	-	5.734.875	-	5.734.875	30.830.331	-
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo - Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	529.159	-	6.308.518	-	5.779.359	447.794	-
PT Bank Permata Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	39.846	-	11.568.162	-	11.528.316	1.052.765	-
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	996.871	8.989.944	(7.123.681)	411.562	1.280.954	2.017.864	-
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	7.570.921	(7.234.512)	-	336.409	1.376.660	-
PT Bank Maybank Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	656.310	1.359.685	(504.239)	-	199.136	(199.136)	-
PT DBS Bank Indonesia	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	56.815	(56.815)	-	-	-	-
DBS Bank Ltd	Perjanjian *collar* komoditas/ *Commodity collar*	-	-	70.173	-	70.173	24.146	-
Standard Chartered Bank	Perjanjian *collar* komoditas/ *Commodity collar*	1.271.080	-	1.606.112	-	335.032	(335.032)	-
Morgan Stanley & Co International Plc	Perjanjian opsi komoditas/ *Commodity options*	650.998	-	650.998	-	-	-	-

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	2018			2017			
		Aset Derivatif/ *Derivative Assets*	Liabilitas Derivatif/ *Derivative Liabilities*	Keuntungan (Kerugian)/ *Gain (Loss)*	Aset Derivatif/ *Derivative Assets*	Liabilitas Derivatif/ *Derivative Liabilities*	Keuntungan (Kerugian)/ *Gain (Loss)*	Penambahan dari akuisi/ *Addition from Acquisiton*
Medco Energi Global Pte Ltd (MEG)								
DBS Bank Ltd	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	-	-	-	-	4.952.315	-
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo - Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	-	-	-	-	2.130.668	-
PT Medco E & P Tomori Sulawesi (MEPTS)								
Standard Chartered Bank	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	(202.533)	202.533	-	40.326	-
PT Bank ANZ Indonesia	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	(202.205)	202.205	-	35.785	-
PT DBS Bank Indonesia	Perjanjian *swap* atas tingkat suku bunga/ Interest rate swap	-	-	(201.107)	201.107	-	32.287	-
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	(280.154)	280.154	-	21.692	-
Sumitomo Mitsui Banking Corporation	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	(200.971)	200.971	-	23.827	-
PT Medco E & P Malaka (MEPM)								
Australia and New Zealand Banking Group Limited	Perjanjian *swap* atas tingkat suku bunga/ Interest rate swap	791.840	-	378.400	413.440	-	413.440	-
ING Bank N.V .	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	790.628	-	410.887	379.741	-	379.741	-
Societe Generale	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	800.444	-	425.698	374.746	-	374.746	-
Grup Kontraktor Sarulla Geothermal (Grup Kontraktor)/ *The Contractor Group of Sarulla Geothermal (Group Contractor)*								
Mizuho Bank.Ltd	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	3.699.572	2.834.848	-	6.534.420	563.165	7.097.584
Sumitomo Mitsui Banking Corporation	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	2.996.126	2.197.669	-	5.193.795	329.476	5.523.271
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo - Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	2.726.291	2.045.241	-	4.771.532	370.733	5.142.266
ING Bank N.V.	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	2.035.315	1.477.522	-	3.512.837	277.255	3.790.091
Societe Generale	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	1.743.755	1.285.326	-	3.029.081	238.782	3.267.862
Jumlah/ *Total*		**6.527.176**	**47.246.916**	**27.572.128**	**6.932.059**	**75.223.927**	**86.142.586**	**24.821.074**
Dikurangi yang jatuh tempo dalam satu tahun/ *Less current portion*		1.922.078	11.225.780		-	55.092.235		-
Bagian jangka panjang/ *Long-term portion*		**4.605.098**	**36.021.136**		**6.932.059**	**20.131.692**		**24.821.074**

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	2018 Aset Derivatif/ *Derivative Assets*	2018 Liabilitas Derivatif/ *Derivative Liabilities*	2018 Keuntungan (Kerugian)/ *Gain (Loss)*	2017 Aset Derivatif/ *Derivative Assets*	2017 Liabilitas Derivatif/ *Derivative Liabilities*	2017 Keuntungan (Kerugian)/ *Gain (Loss)*	2017 Penambahan dari akuisi/ *Addition from Acquisiton*
Keuntungan (kerugian) yang terealisasi atau belum direalisasi yang diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ *Realized or unrealized gain (loss) on derivatives recognized in consolidated statement of profit or loss and other comprehensive income*				406.070			(64.293)	-
Pendapatan komprehensif lainnya atas lindung nilai atas arus kas/ *Other comprehensive income of cash flow hedge*				**27.166.058**			**86.206.879**	

Pihak ketiga	Jenis/ *Type*	2016 Aset Derivatif/ *Derivative Assets*	2016 Liabilitas Derivatif/ *Derivative Liabilities*	2016 Keuntungan (Kerugian)/ *Gain (Loss)*	*Third parties*
Perusahaan					***The Company***
PT DBS Bank Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	726.395	64.121.758	19.641.423	*PT DBS Bank Indonesia*
Standard Chartered Bank	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	36.565.206	8.947.242	*Standard Chartered Bank*
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	6.227.153	1.560.975	*MUFG Bank Ltd (formerly The Bank of Tokyo - Mitsubishi UFJ,Ltd)*
PT Bank Permata Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	12.581.081	3.069.076	*PT Bank Permata Tbk*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	2.887.256	(2.887.256)	*PT Bank Mandiri (Persero) Tbk*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	1.713.069	(1.713.069)	*PT Bank CIMB Niaga Tbk*
Morgan Stanley & Co International PLC	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	7.555	*Morgan Stanley & Co International PLC*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	-	-	4.868	*PT Bank CIMB Niaga Tbk*
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas tingka suku bunga/ *Interest rate swap*	-	-	6.868	*MUFG Bank Ltd The Bank of Tokyo - Mitsubishi UFJ, Ltd*
DBS Bank Ltd	Perjanjian *swap* komoditas/ *Commodity swap*	-	94.319	(94.319)	*DBS Bank Ltd*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga / *Third parties*	Jenis/ *Type*	2016 Aset Derivatif/ *Derivative Assets*	2016 Liabilitas Derivatif/ *Derivative Liabilities*	2016 Keuntungan (Kerugian)/ *Gain (Loss)*
Medco Energi Global Pte Ltd (MEG) / ***Medco Energi Global Pte Ltd (MEG)***				
DBS Bank Ltd	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	4.952.315	(1.007.526)
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd / *MUFG Bank Ltd (formerly The Bank of Tokyo - Mitsubishi UFJ,Ltd)*	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	-	2.130.668	(450.582)
PT Medco E & P Tomori Sulawesi (MEPTS) / ***PT Medco E & P Tomori Sulawesi (MEPTS)***				
Standard Chartered Bank	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	162.207	-	162.207
PT Bank ANZ Indonesia	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	166.420	-	166.420
PT Bank DBS Indonesia	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	168.821	-	168.821
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	258.462	-	258.462
Sumitomo Mitsui Banking Corporation	Perjanjian *swap* atas tingkat suku bunga/ *Interest rate swap*	177.144	-	177.144
Jumlah / ***Total***		**1.659.449**	**131.272.825**	**28.018.309**
Dikurangi yang jatuh tempo dalam satu tahun / *Less current portion*		-	63.767.824	
Bagian jangka panjang / ***Long-term portion***		**1.659.449**	**67.505.001**	
Keuntungan (kerugian) yang terealisasi atau belum direalisasi yang diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian / *Realized or unrealized gain (loss) on derivatives recognized in consolidated statement of profit or loss and other comprehensive income*				(94.319)
Pendapatan komprehensif lainnya atas lindung nilai atas arus kas / *Other comprehensive income of cash flow hedge*				**28.112.628**

Grup melakukan transaksi *swap* atas mata uang silang dan *swap* atas tingkat suku bunga sebagai instrumen lindung nilai untuk mengelola risiko atas tingkat bunga dan mata uang asing. Grup juga mempunyai kontrak *collar* komoditas dan kontrak opsi komoditas yang digunakan sebagai lindung nilai atas eksposur perubahan harga komoditas. Seluruh kontrak yang dilakukan Grup mempunyai kewajiban yang mendasari.

The Group entered into cross-currency swaps, and interest rate swaps hedging instruments to manage its interest rate and foreign currency risks. The Group also entered into commodity collar and commodity options contract that are used as a hedge for the exposure to changes in commodity price. All contracts entered into by the Group have underlying obligations.

26. DERIVATIF (lanjutan)

Informasi lebih lanjut mengenai berbagai kontrak derivatif Grup adalah sebagai berikut:

26. DERIVATIVES (continued)

Further information relating to the derivatives undertaken by the Group is as follows:

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Notional/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		Dalam AS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	33.471.683	Rp500.000.000.000	28 September 2018 */ *September 28, 2018 **	28 September 2021/ *September 28, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 September, 28 Desember, 28 Maret dan 28 Juni. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every September 28, December 28, March 28 and June 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Maybank Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	24.444.370	Rp365.150.000.000	28 September 2018 */ *September 28, 2018 **	28 September 2021/ *September 28, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 September, 28 Desember, 28 Maret dan 28 Juni. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every September 28, December 28, March 28 and June 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	19.413.576	Rp290.000.000.000	28 September 2018 */ *September 28, 2018 **	28 September 2021/ *September 28, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 September, 28 Desember, 28 Maret dan 28 Juni. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every September 28, December 28, March 28 and June 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT Bank Permata Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	3.179.810	Rp47.500.000.000	28 September 2018 */ *September 28, 2018 **	28 September 2023/ *September 28, 2023*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 September, 28 Desember, 28 Maret dan 28 Juni. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah./ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every September 28, December 28, March 28 and June 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank DBS Indonesia	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	56.000.000	N/A	22 Juni 2018/ *June 22, 2018*	23 Desember 2020/ *December 23, 2020*	Perusahaan menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 23 Maret, 23 Juni, 23 September dan 23 Desember./ *The Company shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 23, June 23, September 23 and December 23.*
PT Bank DBS Indonesia	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	42.857.143	N/A	28 Maret 2018/ *March 28, 2018*	28 Desember 2021/ *December 28, 2021*	Perusahaan menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 28 Maret, 28 Juni, 28 September dan 28 Desember./ *The Company shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 28, June 28, September 28 and December 28.*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	15.812.432	Rp217.500.000.000	29 Maret 2018 */ *March 29, 2018 **	29 Maret 2023/ *March 29, 2023*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 29 Maret, 29 Juni, 29 September dan 29 Desember. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 29, June 29, September 29 and December 29. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	20.537.986	Rp282.500.000.000	29 Maret 2018 */ *March 29, 2018 **	29 Maret 2021/ *March 29, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 29 Maret, 29 Juni, 29 September dan 29 Desember. Pertukaran awal terjadi pada tanggal efektif dimana perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 29, June 29, September 29 and December 29. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	15.554.722	Rp207.500.000.000	28 September 2017 */ *September 28, 2017 **	28 Maret 2021/ *March 28, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 Maret, 28 Juni, 28 September dan 28 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 28, June 28, September 28 and December 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	15.554.722	Rp207.500.000.000	28 September 2017 */ *September 28, 2017 **	28 Maret 2021/ *March 28, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 Maret, 28 Juni, 28 September dan 28 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 28, June 28, September 28 and December 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT Bank Maybank Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	11.356.821	Rp151.500.000.000	28 September 2017 */ *September 28, 2017 **	28 September 2022/ *September 28, 2022*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 28 Maret, 28 Juni, 28 September dan 28 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 28, June 28, September 28 and December 28. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
Australia and New Zealand Banking Group Limited	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	76.500.000	N/A	31 Juli 2017/ *July 31, 2017*	31 Desember 2023/ *December 31, 2023* (Telah diamandemen pada menjadi 30 September 2024/ *Amended to September 30, 2024)*	MEPM menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 31 Maret, 30 Juni, 30 September dan 31 Desember/ *MEPM shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 31, June 30, September 30 and December 31.*
Societe Generale	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	76.500.000	N/A	31 Juli 2017/ *July 31, 2017*	31 Desember 2023/ *December 31, 2023* (Telah diamandemen pada menjadi 30 September 2024/ *Amended to September 30, 2024)*	MEPM menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 31 Maret, 30 Juni, 30 September dan 31 Desember/ *MEPM shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 31, June 30 September 30 and December 31.*
ING Bank N.V.	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	76.500.000	N/A	31 Juli 2017/ *July 31, 2017*	31 Desember 2023/ *December 31, 2023* (Telah diamandemen pada menjadi 30 September 2024/ *Amended to September 30, 2024)*	MEPM menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 31 Maret, 30 Juni, 30 September dan 31 Desember/ *MEPM shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 31, June 30, September 30 and December 31.*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	18.512.944	Rp246.000.000.000	21 Juni 2017/ *June 21, 2017*	21 Desember 2019/ *December 21, 2019*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 21 Maret, 21 Juni, 21 September dan 21 Desember. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 21, June 21, September 21 and December 21. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	56.696.764	Rp753.500.000.000	14 Juni 2017 */ *June 14, 2017 **	14 Juni 2022/ *June 14, 2022*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 14 Maret, 14 Juni, 14 September dan 14 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 14, June 14, September 14 and December 14. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	20.278.405	Rp269.500.000.000	14 Juni 2017 */ *June 14, 2017 **	14 Juni 2020/ *June 14, 2020*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 14 Maret, 14 Juni, 14 September dan 14 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 14, June 14, September 14 and December 14. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	18.698.269	Rp248.500.000.000	14 Juni 2017 */ *June 14, 2017 **	14 Juni 2018/ *June 14, 2018* Telah diselesaikan pada bulan Juni 2018/ *Settled in June 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 14 Maret, 14 Juni, 14 September dan 14 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 14, June 14, September 14 and December 14. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Notional/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		DalamAS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	28.539.241	Rp380.000.000.000	30 Maret 2017 */ *March 30, 2017 **	30 Maret 2020/ *March 30, 2020*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 30, June 30, September 30, and December 30. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	15.537.500	N/A	4 November 2016/ *November 4, 2016*	30 Juni 2021/ *June 30, 2021* Telah dibatalkan pada Oktober 2018/ *Has been terminated in October 2018*	MEPTS menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember/ *MEPTS shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 30, June 30, September 30 and December 30.*
Standard Chartered Bank, Jakarta	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	11.653.125	N/A	4 November 2016/ *November 4, 2016*	30 Juni 2021/ *June 30, 2021* Telah dibatalkan pada Oktober 2018/ *Has been terminated in October 2018*	MEPTS menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember/ *MEPTS shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 30, June 30, September 30 and December 30.*
PT Bank ANZ Indonesia	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	11.653.125	N/A	4 November 2016/ *November 4, 2016*	30 Juni 2021/ *June 30, 2021* Telah dibatalkan pada Oktober 2018/ *Has been terminated in October 2018*	MEPTS menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember/ *MEPTS shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 30, June 30, September 30 and December 30.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Notional/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		Dalam AS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank DBS Indonesia	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	11.653.125	N/A	4 November 2016/ *November 4, 2016*	30 Juni 2021/ *June 30, 2021* Telah dibatalkan pada Oktober 2018/ *Has been terminated in October 2018*	MEPTS menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember/ *MEPTS shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 30, June 30, September 30, and December 30.*
Sumitomo Mitsui Banking Corporation	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	11.653.125	N/A	4 November 2016/ *November 4, 2016*	30 Juni 2021/ *June 30, 2021* Telah dibatalkan pada Oktober 2018/ *Has been terminated in October 2018*	MEPTS menerima tingkat suku bunga mengambang dengan basis LIBOR per tahun dan membayar pada tingkat suku bunga tetap per tahun setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember/ *MEPTS shall receive a floating LIBOR-based interest rate per annum and pay a fixed interest rate per annum every March 30, June 30, September 30, and December 30.*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	3.945.841	Rp51.000.000.000	30 September 2016 */ *September 30, 2016 **	30 September 2021/ *September 30, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 30, June 30, September 30, and December 30. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	42.475.822	Rp549.000.000.000	30 September 2016 */ *September 30, 2016 **	30 September 2019/ *September 30, 2019*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 30, June 30, September 30, and December 30. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	25.145.068	Rp325.000.000.000	30 September 2016 */ *September 30, 2016 **	30 September 2021/ *September 30, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 30, June 30, September 30, and December 30. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank CIMB Niaga Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	25.145.068	Rp325.000.000.000	30 September 2016 */ *September 30, 2016 **	30 September 2021/ *September 30, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 30 Maret, 30 Juni, 30 September dan 30 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every March 30, June 30, September 30, and December 30. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	70.190.114	Rp923.000.000.000	15 Juli 2016*/ *July 15, 2016 **	15 Juli 2021/ *July 15, 2021*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Januari, 15 April, 15 Juli dan 15 Oktober. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every January 15, April 15, July 15 and October 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Notional/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		Dalam AS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank Mandiri (Persero) Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	24.866.920	Rp327.000.000.000	15 Juli 2016*/ *July 15, 2016 *	15 Juli 2019/ *July 15, 2019*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Januari, 15 April, 15 Juli dan 15 Oktober. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every January 15, April 15, July 15 and October 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
DBS Bank Ltd	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	52.434.457	S$70.000.000	14 Mei 2015 */ *May 14, 2015 *	14 Mei 2018/ *May 14, 2018* Telah dibatalkan pada Agustus 2017/ *Has been terminated in August 2017*	MEG menerima tingkat bunga tetap per tahun atas nilai nominal Dolar Singapura dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap enam bulan pada tanggal 14 Mei dan 14 November. Pertukaran awal terjadi pada tanggal efektif dimana MEG membayar nilai nominal Dolar Singapura dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, MEG membayar nilai nominal Dolar AS dan menerima nilai nominal Dolar Singapura/ *MEG shall receive a fixed interest rate on the Singapore Dollars notional amount and pay a fixed interest rate on the US Dollars notional amount every May 14 and November 14. Initial exchange occurred on the Effective Date in which MEG paid the Singapore Dollars notional amount and received the US Dollars notional amount. On the final exchange date, MEG pays the US Dollars notional amount and receives the Singapore Dollars notional amount.*
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	22.471.910	S$30.000.000	15 Mei 2015 */ *May 15, 2015 *	14 Mei 2018/ *May 14, 2018* Telah dibatalkan pada Agustus 2017/ *Has been terminated in August 2017*	MEG menerima tingkat bunga tetap per tahun atas nilai nominal Dolar Singapura dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap enam bulan pada tanggal 14 Mei dan 14 November. Pertukaran awal terjadi pada tanggal efektif dimana MEG membayar nilai nominal Dolar Singapura dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, MEG membayar nilai nominal Dolar AS dan menerima nilai nominal Dolar Singapura/ *MEG shall receive a fixed interest rate on the Singapore Dollars notional amount and pay a fixed interest rate on the US Dollars notional amount every May 14 and November 14. Initial exchange occurred on the Effective Date in which MEG paid the Singapore Dollars notional amount and received the US Dollars notional amount. On the final exchange date, MEG pays the US Dollars notional amount and receives the Singapore Dollars notional amount.*

Catatan:
* *tanggal pertukaran awal*

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Nominal/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		Dalam AS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	81.833.061	Rp1.000.000.000.000	8 Oktober 2014 */ *October 8, 2014 **	8 Oktober 2018/ *October 8, 2018* Telah diselesaikan pada bulan Oktober 2018 / *Settled in October 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 8 Januari, 8 April, 8 Juli dan 8 Oktober. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate on the Rupiah notional amount and pay a fixed interest rate on the US Dollars notional amount every January 8, April 8, July 8 and October 8. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
Mizuho Bank, Ltd.	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	93.347.768	N/A	4 Juni 2014/ *June 4, 2014*	28 Maret 2034/ *March 28, 2034*	Grup Kontraktor menerima suku bunga mengambang LIBOR 6 bulan ditambah *spread* per tahun dan membayar suku bunga tetap per tahun setiap tanggal 24 Maret dan 24 September/ *The Group Contractor shall receive a floating 6 months LIBOR based interest rate plus spread per annum and pay a fixed interest rate per annum on every March 24 and September 24.*
Sumitomo Mitsui Banking Corporation	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	64.176.590	N/A	4 Juni 2014/ *June 4, 2014*	28 Maret 2034/ *March 28, 2034*	Grup Kontraktor menerima suku bunga mengambang LIBOR 6 bulan ditambah *spread* per tahun dan membayar suku bunga tetap per tahun setiap tanggal 24 Maret dan 24 September/ *The Group Contractor shall receive a floating 6 months LIBOR based interest rate plus spread per annum and pay a fixed interest rate per annum on every March 24 and September 24.*
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	64.176.590	N/A	4 Juni 2014/ *June 4, 2014*	28 Maret 2034/ *March 28, 2034*	Grup Kontraktor menerima suku bunga mengambang LIBOR 6 bulan ditambah *spread* per tahun dan membayar suku bunga tetap per tahun setiap tanggal 24 Maret dan 24 September/ *The Group Contractor shall receive a floating 6 months LIBOR based interest rate plus spread per annum and pay a fixed interest rate per annum on every March 24 and September 24.*
ING Bank N.V.	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	47.257.307	N/A	4 Juni 2014/ *June 4, 2014*	28 Maret 2034/ *March 28, 2034*	Grup Kontraktor menerima suku bunga mengambang LIBOR 6 bulan ditambah *spread* per tahun dan membayar suku bunga tetap per tahun setiap tanggal 24 Maret dan 24 September/ *The Group Contractor shall receive a floating 6 months LIBOR based interest rate plus spread per annum and pay a fixed interest rate per annum on every March 24 and September 24.*
Société Générale	Perjanjian *swap* atas suku bunga/ *Interest rate swap*	40.839.648	N/A	4 Juni 2014/ *June 4, 2014*	28 Maret 2034/ *March 28, 2034*	Grup Kontraktor menerima suku bunga mengambang LIBOR 6 bulan ditambah *spread* per tahun dan membayar suku bunga tetap per tahun setiap tanggal 24 Maret dan 24 September/ *The Group Contractor shall receive a floating 6 months LIBOR based interest rate plus spread per annum and pay a fixed interest rate per annum on every March 24 and September 24.*

Catatan:
* *tanggal pertukaran awal*

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Nilai Nominal/*Notional Amount***		**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
		Dalam AS$/** ***In US$*	**Dalam mata uang asing/** ***In foreign currency***			
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	71.794.872	Rp700.000.000.000	15 Maret 2013*/ *March 15, 2013**	15 Maret 2018/ *March 15, 2018* Telah diselesaikan pada bulan Maret 2018/ *Settled in March 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Maret, 15 Juni, 15 September dan 15 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 15, June 15, September 15 and December 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank Permata Tbk	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	41.025.641	Rp400.000.000.000	15 Maret 2013*/ *March 15, 2013**	15 Maret 2018/ *March 15, 2018* Telah diselesaikan pada bulan Maret 2018/ *Settled in March 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Maret, 15 Juni, 15 September dan 15 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 15, June 15, September 15 and December 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
Standard Chartered Bank	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	20.512.820	Rp200.000.000.000	15 Maret 2013*/ *March 15, 2013**	15 Maret 2018/ *March 15, 2018* Telah diselesaikan pada bulan Maret 2018/ *Settled in March 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Maret, 15 Juni, 15 September dan 15 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 15, June 15, September 15 and December 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Nominal/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd)	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	20.512.820	Rp200.000.000.000	15 Maret 2013 */ *March 15, 2013 **	15 Maret 2018/ *March 15, 2018* Telah diselesaikan pada bulan Maret 2018/ *Settled in March 2018*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 15 Maret, 15 Juni, 15 September dan 15 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 15, June 15, September 15 and December 15. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
PT Bank DBS Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	31.088.083	Rp300.000.000.000	19 Desember 2012 */ *December 19, 2012 **	19 Desember 2017/ *December 19, 2017* Telah diselesaikan pada bulan Desember 2017/ *Settled in December 2017*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 19 Maret, 19 Juni, 19 September dan 19 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 19, June 19, September 19 and December 19. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and received the Rupiah notional amount.*
Standard Chartered Bank	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	20.725.389	Rp200.000.000.000	19 Desember 2012 */ *December 19, 2012 **	19 Desember 2017/ *December 19, 2017* Telah diselesaikan pada bulan Desember 2017/ *Settled in December 2017*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 19 Maret, 19 Juni, 19 September dan 19 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 19, June 19, September 19 and December 19. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / *26. DERIVATIVES (continued)*

Pihak ketiga/ *Third parties*	Jenis/ *Type*	Nilai Notional/*Notional Amount*		Tanggal Efektif/ *Effective Date*	Tanggal Pertukaran Akhir/ *Final Exchange Date*	Syarat dan ketentuan/ *Terms and conditions*
		Dalam AS$/ *In US$*	Dalam mata uang asing/ *In foreign currency*			
PT DBS Bank Indonesia	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	78.947.368	Rp750.000.000.000	19 Juni 2012*/ *June 19, 2012 **	19 Juni 2017/ *June 19, 2017* Telah diselesaikan pada bulan Juni 2017/ *Settled in June 2017*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 19 Maret, 19 Juni, 19 September dan 19 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 19, June 19, September 19 and December 19. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*
Standard Chartered Bank	Perjanjian *swap* atas mata uang silang/ *Cross-currency swap*	78.947.368	Rp750.000.000.000	19 Juni 2012*/ *June 19, 2012 **	19 Juni 2017/ *June 19, 2017* Telah diselesaikan pada bulan Juni 2017/ *Settled in June 2017*	Perusahaan menerima tingkat bunga tetap per tahun atas nilai nominal Rupiah dan membayar pada tingkat bunga tetap per tahun atas nilai nominal Dolar AS setiap tiga bulan pada tanggal 19 Maret, 19 Juni, 19 September dan 19 Desember. Pertukaran awal terjadi pada tanggal efektif dimana Perusahaan membayar nilai nominal Rupiah dan menerima nilai nominal Dolar AS. Pada pertukaran akhir, Perusahaan membayar nilai nominal Dolar AS dan menerima nilai nominal Rupiah/ *The Company shall receive a fixed interest rate per annum on the Rupiah notional amount and pay a fixed interest rate per annum on the US Dollars notional amount every March 19, June 19, September 19 and December 19. Initial exchange occurred on the Effective Date in which the Company paid the Rupiah notional amount and received the US Dollars notional amount. On the final exchange date, the Company pays the US Dollars notional amount and receives the Rupiah notional amount.*

Catatan:
* tanggal pertukaran awal

Note:
* *initial exchange date*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Jumlah Kuantitas Notional/** ***Total Notional Quantity***	**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
Morgan Stanley & Co. International plc	Perjanjian Opsi komoditas/ *Commodity Options agreement*	645.000 barel/ *645,000 barrels*	16 November 2018/ *November 16, 2018*	30 June 2019/ *June 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya setelah dipotong dengan biaya premi/ *If the floating price in respect of a payment date is greater than the strike price, then on the relevant payment date, the counterparty will pay the difference, offset by the premium cost.* Jika harga mengambang pada saat tanggal pembayaran sama atau lebih rendah dari harga kesepakatan, maka pada tanggal pembayaran, Perusahaan hanya membayar biaya premi/ *If the floating price in respect of a payment date is equal to or lower than the strike price, then on the relevant payment date, the Company will only pay the premium cost.*
Morgan Stanley & Co. International plc	Perjanjian Opsi komoditas/ *Commodity Options agreement*	40.000 barel/ *40,000 barrels*	16 November 2018/ *November 16, 2018*	30 April 2019/ *April 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya setelah dipotong dengan biaya premi/ *If the floating price in respect of a payment date is greater than the strike price, then on the relevant payment date, the counterparty will pay the difference, offset by the premium cost.* Jika harga mengambang pada saat tanggal pembayaran sama atau lebih rendah dari harga kesepakatan, maka pada tanggal pembayaran, Perusahaan hanya membayar biaya premi/ *If the floating price in respect of a payment date is equal to or lower than the strike price, then on the relevant payment date, the Company will only pay the premium cost.*
Morgan Stanley & Co. International plc	Perjanjian Opsi komoditas/ *Commodity Options agreement*	40.000 barel/ *40,000 barrels*	16 November 2018/ *November 16, 2018*	30 April 2019/ *April 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya setelah dipotong dengan biaya premi/ *If the floating price in respect of a payment date is greater than the strike price, then on the relevant payment date, the counterparty will pay the difference, offset by the premium cost.* Jika harga mengambang pada saat tanggal pembayaran sama atau lebih rendah dari harga kesepakatan, maka pada tanggal pembayaran, Perusahaan hanya membayar biaya premi/ *If the floating price in respect of a payment date is equal to or lower than the strike price, then on the relevant payment date, the Company will only pay the premium cost.*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Jumlah Kuantitas Notional/** ***Total Notional Quantity***	**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
Morgan Stanley & Co. International plc	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	12.000 metrik ton/ *12,000 metric tons*	1 Oktober 2018/ *October 1, 2018*	30 September 2019/ *September 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Morgan Stanley & Co. International plc	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	12.000 metrik ton/ *12,000 metric tons*	1 November 2018/ *November 1, 2018*	31 Oktober 2019/ *October 31, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	560.000 barel/ *560,000 barrels*	1 Juni 2018/ *June 1, 2018*	31 Desember 2018/ *December 31, 2018* Telah diselesaikan pada bulan Desember 2018 /*Settled in December 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Jumlah Kuantitas Notional/** ***Total Notional Quantity***	**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	977.500 barel/ *977,500 barrels*	1 Juni 2018/ *June 1, 2018*	30 Juni 2019/ *June 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	120.000 barel/ *120,000 barrels*	1 Mei 2018/ *May 1, 2018*	30 April 2019/ *April 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	120.000 barel/ *120,000 barrels*	1 Mei 2018/ *May 1, 2018*	30 April 2019/ *April 30, 2019*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Jumlah Kuantitas Notional/** ***Total Notional Quantity***	**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	360.000 barel/ *360,000 barrels*	1 Januari 2018/ *January 1, 2018*	Di *restrike* pada Mei 2018 / *Restriked in May 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	540.000 barel/ *540,000 barrels*	1 Januari 2018/ *January 1, 2018*	Di *restrike* pada Mei 2018 / *Restriked in May 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	522.500 barel/ *522,500 barrels*	1 Desember 2017/ *December 1, 2017*	Di *restrike* pada Mei 2018 / *Restriked in May 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*

26. DERIVATIF (lanjutan) / ***26. DERIVATIVES (continued)***

Pihak ketiga/ ***Third parties***	**Jenis/** ***Type***	**Jumlah Kuantitas Notional/** ***Total Notional Quantity***	**Tanggal Efektif/** ***Effective Date***	**Tanggal Pertukaran Akhir/** ***Final Exchange Date***	**Syarat dan ketentuan/** ***Terms and conditions***
DBS Bank Ltd	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	140.000 barel/ *140,000 barrels*	1 November 2017/ *November 1, 2017*	31 Desember 2018/ *December 31, 2018* Telah diselesaikan pada bulan Desember 2018 /*Settled in December 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
Standard Chartered Bank	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	150.000 barel/ *150,000 barrels*	1 Oktober 2017/ *October 1, 2017*	31 Desember 2018/ *December 31, 2018* Di*restrike* pada Mei 2018/ *Restriked on May 2018*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*
DBS Bank Ltd	Perjanjian *Collar* komoditas/ *Commodity Collar agreement*	180.000 barel/ *180,000 barrels*	1 Juli 2016/ *July 1, 2016*	31 Desember 2017/ *December 31, 2017* Telah diselesaikan pada bulan Desember 2017/ *Settled in December 2017*	Jika harga mengambang pada saat tanggal pembayaran lebih besar dari harga kesepakatan tertinggi, maka pada tanggal pembayaran, Perusahaan akan membayar selisihnya/ *If the floating price in respect of a payment date greater than the upper strike price, then on the relevant payment date, the Company will pay the difference.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan tertinggi dan sama atau lebih tinggi dari harga kesepakatan terendah, maka tidak ada settlement/ *If the floating price in respect of a payment date is lower than the upper strike price and equal to or greater than the lower strike price, then no settlement.* Jika harga mengambang pada saat tanggal pembayaran lebih rendah dari harga kesepakatan terendah, maka pada tanggal pembayaran, pihak ketiga akan membayar selisihnya/ *If the floating price in respect of a payment date is lower than the lower strike price, then on the relevant payment date, the counterparty will pay the difference.*

27. PINJAMAN BANK / *27. BANK LOANS*

a. Pinjaman Bank / *a. Bank Loans*

	2018	2017	2016	
Pinjaman bank jangka pendek	40.000.000	42.000.000	16.000.000	*Short-term bank loans*
Pinjaman bank jangka panjang - bagian yang jatuh tempo dalam satu tahun	239.233.950	163.706.594	230.534.877	*Long-term bank loans - current portion*
	279.233.950	205.706.594	246.534.877	
Pinjaman bank jangka panjang - bagian pinjaman jangka panjang	1.050.170.452	1.404.011.793	1.017.959.484	*Long-term bank loans - long-term portion*
Jumlah	1.329.404.402	1.609.718.387	1.264.494.361	*Total*
Dikurangi diskonto yang belum diamortisasi	46.599.698	39.093.093	10.465.317	*Less unamortized discount*
Neto	1.282.804.704	1.570.625.294	1.254.029.044	*Net*
Dikurangi bagian yang jatuh tempo dalam satu tahun	270.529.466	203.395.447	244.476.617	*Less current portion*
Bagian jangka panjang	**1.012.275.238**	**1.367.229.847**	**1.009.552.427**	***Long-term portion***

	2018				
Kreditur	**Jumlah/ *Total***	**Jangka Pendek/ *Short-term***	**Jatuh Tempo Dalam Satu Tahun/ *Maturing Within One Year***	**Jangka Panjang/ *Non-current***	***Lenders***
Dolar AS					***US Dollar***
Pinjaman sindikasi[1)]					*Syndicated loan[1)]*
- PT Medco E & P Malaka	289.681.000	-	76.570.091	213.110.909	*PT Medco E & P Malaka* -
- PT Medco E & P Tomori Sulawesi[1)]	184.170.174	-	48.680.883	135.489.291	*PT Medco E & P Tomori Sulawesi* -
Konsorsium Pemberi Pinjaman Sarulla[2)]	423.435.548	-	25.242.209	398.193.339	*Sarulla Lenders Consortium[2)]*
PT Bank Mandiri (Persero) Tbk	263.350.000	-	28.000.000	235.350.000	*PT Bank Mandiri (Persero) Tbk*
PT Bank Syariah Mandiri	44.522.926	-	5.168.588	39.354.338	*PT Bank Syariah Mandiri*
PT Bank DBS Indonesia	42.857.143	-	14.285.714	28.571.429	*PT DBS Bank Indonesia*
ING Bank N.V., Cabang Singapura	41.245.817	-	41.245.817	-	*ING Bank N.V., Singapore Branch*
The Hongkong and Shanghai Banking Corporation Ltd	20.000.000	20.000.000	-	-	*The Hongkong and Shanghai Banking Corporation Ltd*
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd)	20.000.000	20.000.000	-	-	*MUFG Bank Ltd (formerly The Bank of Tokyo - Mitsubishi UFJ, Ltd)*
Sub-jumlah	1.329.262.608	40.000.000	239.193.302	1.050.069.306	*Sub-total*
Rupiah					***Rupiah***
PT Bank Maybank Indonesia Finance (dalam mata uang asli: Rp2,053 miliar)	141.794	-	40.648	101.146	*PT Bank Maybank Indonesia Finance (in original currency: Rp2.053 billion)*
Jumlah	**1.329.404.402**	**40.000.000**	**239.233.950**	**1.050.170.452**	***Total***
Dikurangi diskonto yang belum diamortisasi	46.599.698	-	8.704.484	37.895.214	*Less unamortized discount*
Neto	**1.282.804.704**	**40.000.000**	**230.529.466**	**1.012.275.238**	***Net***

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

	2017				
Kreditur	**Jumlah/ *Total***	**Jangka Pendek/ *Short-term***	**Jatuh Tempo Dalam Satu Tahun/ *Maturing Within One Year***	**Jangka Panjang/ *Non-current***	***Lenders***
Pihak berelasi					***Related party***
Rupiah					***Rupiah***
PT Bank Woori Saudara Indonesia 1906 Tbk (dalam mata uang asli: Rp117 juta)	8.670	-	7.822	848	*PT Bank Woori Saudara Indonesia 1906 Tbk (in original currency: Rp117 million)*
Pihak ketiga					***Third parties***
Dolar AS					***US Dollar***
PT Bank Mandiri (Persero) Tbk	549.000.000	-	83.000.000	466.000.000	*PT Bank Mandiri (Persero) Tbk*
Konsorsium Pemberi Pinjaman Sarulla[2)]	386.502.562	-	9.170.864	377.331.698	*Sarulla Lenders Consortium[2)]*
Pinjaman sindikasi - PT Medco E & P Malaka[3)]	228.897.000	-	-	228.897.000	*Syndicated loan - PT Medco E & P Malaka[3)]*
Pinjaman sindikasi - PT Medco E & P Tomori Sulawesi[4)]	147.350.000	-	51.100.000	96.250.000	*Syndicated loan - PT Medco E & P Tomori Sulawesi[4)]*
PT Bank Negara Indonesia (Persero) Tbk	137.500.000	-	10.000.000	127.500.000	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Syariah Mandiri	48.561.398	-	3.638.371	44.923.027	*PT Bank Syariah Mandiri*
ING Bank N.V., Cabang Singapura	30.495.775	-	-	30.495.775	*ING Bank N.V., Singapore Branch*
The Hongkong and Shanghai Banking Corporation Ltd	20.000.000	20.000.000	-	-	*The Hongkong and Shanghai Banking Corporation Ltd*
MUFG Bank Ltd (dahulu The Bank of Tokyo - Mitsubishi UFJ, Ltd)	20.000.000	20.000.000	-	-	*MUFG Bank Ltd (formerly The Bank of Tokyo - Mitsubishi UFJ, Ltd)*
PT Bank DBS Indonesia	2.000.000	2.000.000	-	-	*PT DBS Bank Indonesia*
Sub-jumlah	1.570.306.735	42.000.000	156.909.235	1.371.397.500	*Sub-total*
Rupiah					***Rupiah***
Lembaga Pembiayaan Ekspor Indonesia (dalam mata uang asli: Rp209 miliar)	15.441.393	-	3.306.761	12.134.632	*Lembaga Pembiayaan Ekspor Indonesia (in original currency: Rp209 billion)*
Pinjaman sindikasi dari:					*Syndicated loan from:*
PT Bank Muamalat Tbk (dalam mata uang asli: Rp161 milliar)	11.933.559	-	677.246	11.256.313	*PT Bank Muamalat Tbk (in original currency: Rp161 billion)*
PT Bank Muamalat Tbk (dalam mata uang Asli: Rp137 miliar)	10.175.191	-	976.470	9.198.721	*PT Bank Muamalat Tbk (in original currency: Rp137 billion)*
PT Bank Syariah Mandiri (dalam mata uang Asli: Rp24 miliar)	1.804.332	-	1.804.332	-	*PT Bank Syariah Mandiri (in original currency: Rp24 billion)*
PT Bank Maybank Indonesia Finance (dalam mata uang Asli: Rp657 juta)	48.507	-	24.728	23.779	*PT Bank Maybank Indonesia Finance (in original currency: Rp657 million)*
Sub-jumlah	39.402.982	-	6.789.537	32.613.445	*Sub-total*
Jumlah	**1.609.718.387**	**42.000.000**	**163.706.594**	**1.404.011.793**	***Total***
Dikurangi diskonto yang belum diamortisasi	39.093.093	-	2.311.147	36.781.946	*Less unamortized discount*
Neto	**1.570.625.294**	**42.000.000**	**161.395.447**	**1.367.229.847**	***Net***

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

	2016				
Kreditur	**Jumlah/ *Total***	**Jangka Pendek/ *Short-term***	**Jatuh Tempo Dalam Satu Tahun/ *Maturing Within One Year***	**Jangka Panjang/ *Non-current***	***Lenders***
Dolar AS					***US Dollar***
PT Bank Mandiri (Persero) Tbk	800.000.000	-	125.000.000	675.000.000	*PT Bank Mandiri (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	142.500.000	-	5.000.000	137.500.000	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank ICBC Indonesia	50.000.000	-	50.000.000	-	*PT Bank ICBC Indonesia*
PT Bank Bukopin Tbk	22.742.606	-	5.642.351	17.100.255	*PT Bank Bukopin Tbk*
Pinjaman sindikasi - PT Medco E & P Tomori Sulawesi[4)]	189.950.000	-	42.600.000	147.350.000	*Syndicated loan - PT Medco E & P Tomori Sulawesi[4)]*
The HongKong and Shanghai Banking Corporation Ltd	16.000.000	16.000.000	-	-	*The HongKong and Shanghai Banking Corporation Ltd*
Sub-jumlah	1.221.192.606	16.000.000	228.242.351	976.950.255	*Sub-total*
Rupiah					***Rupiah***
PT Bank Bukopin Tbk (dalam mata uang asli: Rp582 miliar)	43.301.755	-	2.292.526	41.009.229	*PT Bank Bukopin Tbk (in original currency: Rp582 billion)*
Jumlah	**1.264.494.361**	**16.000.000**	**230.534.877**	**1.017.959.484**	***Total***
Dikurangi diskonto yang belum diamortisasi	10.465.317	-	2.058.260	8.407.057	*Less unamortized discount*
Neto	**1.254.029.044**	**16.000.000**	**228.476.617**	**1.009.552.427**	***Net***

Catatan :

1) Pada tanggal 31 Desember 2018, pinjaman sindikasi PT Medco E & P Malaka dan PT Medco E & P Tomori Sulawesi terdiri dari Australia and New Zealand Banking Group Limited, ING Bank N.V., Cabang Singapura, PT Bank ANZ Indonesia, Societe Generale, Cabang Singapura, PT Bank DBS Indonesia, PT Bank Mandiri, Cabang Singapura, BNP Paribas, Credit Agricole Corporate and Investment Bank, Credit Suisse AG, Cabang Singapura, Natixis, Cabang Singapura, Standard Chartered Bank, Cabang Singapura, Sumitomo Mitsui Banking Corporation, Cabang Singapura, PT Bank Sumitomo Mitsui Indonesia, The Hongkong and Shanghai Banking Corporation Limited, Cabang Singapura, Mizuho Bank Ltd, MUFG Bank Ltd (dahulu The Bank of Tokyo-Mitsubishi UFJ, Ltd), Cabang Jakarta, dan PT Bank UOB Indonesia.

2) Konsorsium pemberi pinjaman untuk PT Medco Geopower Sarulla terdiri dari Japan Bank for International Cooperation (JBIC), Asian Development Bank (ADB) dalam kapasitasnya sendiri dan juga kapasitasnya sebagai entitas pelaksana dari Clean Technology Fund dan Canadian Climate Fund, dan sebuah kelompok dari lembaga keuangan swasta yang awalnya terdiri dari: MUFG Bank Ltd (dahulu The Bank of Tokyo-Mitsubishi UFJ, Ltd). (BTMU), ING Bank N.V., Cabang Tokyo (ING), Mizuho Bank, Ltd. (MIZUHO), National Australia Bank Limited (NAB), Societe Generale, Cabang Tokyo (SOCGEN), Sumitomo Mitsui Banking Corporation (SMBC) dan Sumitomo Mitsui Trust Bank (SMTB). BTMU, ING, MIZUHO, NAB, SOCGEN, SMBC dan SMTB secara bersama-sama disebut sebagai "*Covered Lenders*". Selanjutnya, JBIC, ADB dan *Covered Lenders* secara bersama-sama disebut sebagai "Konsorsium Pemberi Pinjam".

3) Pada tanggal 31 Desember 2017, pinjaman sindikasi PT Medco E & P Malaka terdiri dari Australia and New Zealand Banking Group Limited, ING Bank N.V., Cabang Singapura, Societe Generale, Cabang Singapura, BNP Paribas, Cabang Singapura, Bank of China (Hongkong) Limited, Cabang Jakarta, Credit Agricole Corporate And Investment Bank, Intesa Sanpaolo S.p.A, Cabang Hongkong, Mizuho Bank Ltd, Sumitomo Mitsui Banking Corporation, Cabang Singapura dan PT Bank ANZ Indonesia.

4) Pada tanggal 31 Desember 2017 dan 2016, pinjaman sindikasi PT Medco E & P Tomori Sulawesi terdiri dari Standard Chartered Bank, PT Bank ANZ Indonesia, PT Bank DBS Indonesia, PT Bank Mandiri (Persero) Tbk, dan Sumitomo Mitsui Banking Corporation.

Notes :

1) As of December 31, 2018, syndicated loan of PT Medco E & P Malaka and PT Medco E & P Tomori Sulawesi from lenders which comprised of Australia and New Zealand Banking Group Limited, ING Bank N.V., Singapore Branch, PT Bank ANZ Indonesia, Societe Generale, Singapore Branch, PT Bank DBS Indonesia, PT Bank Mandiri, Singapore Branch, BNP Paribas, Credit Agricole Corporate and Investment Bank, Credit Suisse AG, Singapore Branch, Natixis, Singapore Branch, Standard Chartered Bank, Singapore Branch, Sumitomo Mitsui Banking Corporation, Singapore Branch, PT Bank Sumitomo Mitsui Indonesia, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Mizuho Bank Ltd, MUFG Bank Ltd (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd), Jakarta Branch, and PT Bank UOB Indonesia.

2) Consortium of lenders for PT Medco Geopower Sarulla comprised of Japan Bank for International Cooperation (JBIC), Asian Development Bank (ADB) in its own capacity as well as in its capacity as an implementing entity of the Clean Technology Fund and the Canadian Climate Fund, and a group of private financial institutions initially consist of: MUFG Bank Ltd (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd) (BTMU), ING Bank N.V., Tokyo Branch (ING), Mizuho Bank, Ltd. (MIZUHO), National Australia Bank Limited (NAB), Societe Generale, Tokyo Branch (SOCGEN), Sumitomo Mitsui Banking Corporation (SMBC) and Sumitomo Mitsui Trust Bank (SMTB). BTMU, ING, MIZUHO, NAB, SOCGEN, SMBC and SMTB altogether referred to as "Covered Lenders". JBIC, ADB, and the Covered Lenders altogether are referred to as "Lenders Consortium".

3) As of December 31, 2017, syndicated loan of PT Medco E & P Malaka from lenders which comprised of Australia and New Zealand Banking Group Limited, ING Bank N.V., Singapore Branch, Societe Generale, Singapore Branch, BNP Paribas, Singapore Branch, Bank of China (Hongkong) Limited, Jakarta Branch, Credit Agricole Corporate And Investment Bank, Intesa Sanpaolo S.p.A, Hongkong Branch, Mizuho Bank Ltd, Sumitomo Mitsui Banking Corporation, Singapore Branch and PT Bank ANZ Indonesia.

4) As of December 31, 2017 and 2016, Syndicated loan of PT Medco E & P Tomori Sulawesi from lenders which comprised of Standard Chartered Bank, PT Bank ANZ Indonesia, PT Bank DBS Indonesia, PT Bank Mandiri (Persero) Tbk, and Sumitomo Mitsui Banking Corporation.

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Informasi mengenai tanggal efektif pinjaman dan jadwal pelunasan pinjaman bank adalah sebagai berikut:

Information relating to bank loans effectivity date and repayment schedule are as follows:

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
Perusahaan/*The Company*			
PT Bank Mandiri (Persero) Tbk			
Fasilitas Kredit Transaksi Khusus III/ *Special Transaction Credit Facility III*	Agustus 2014/ *August 2014*	Agustus 2017/ *August 2017* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2017/ *This Facility has been fully repaid in August 2017.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Transaksi Khusus IV/ *Special Transaction Credit Facility IV*	Agustus 2014/ *August 2014*	Agustus 2019/ *August 2019* Fasilitas ini telah dilunasi seluruhnya pada Februari 2018/ *This Facility has been fully repaid in February 2018.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Transaksi Khusus V/ *Special Transaction Credit Facility V*	Agustus 2015/ *August 2015*	Agustus 2020/ *August 2020* Fasilitas ini telah dilunasi seluruhnya pada Februari 2018/ *This Facility has been fully repaid in February 2018.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Transaksi Khusus VI/ *Special Transaction Credit Facility VI*	Agustus 2015/ *August 2015*	Agustus 2020/ *August 2020*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Transaksi Khusus VII/ *Special Transaction Credit Facility VII*	Desember 2015/ *December 2015*	Angsuran per kuartal sampai dengan September 2020/ *Quarterly installments until September 2020* Fasilitas ini telah dilunasi seluruhnya pada Januari 2018/ *This Facility has been fully repaid in January 2018.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Transaksi Khusus VIII/ *Special Transaction Credit Facility VIII*	September 2017/ *September 2017*	Angsuran per kuartal sampai dengan Desember 2020/ *Quarterly installments until December 2020*	Fasilitas ini dijamin dengan gadai atas saham PT Medco Power Internasional (dahulu PT Saratoga Power) dan atas rekening bank/ *The loan facility is collateralized by pledge over share of PT Medco Power Internasional (formerly PT Saratoga Power) and pledge over bank account.*

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

27. BANK LOANS (continued)

a. Bank Loans (continued)

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
Perusahaan/*The Company* (lanjutan/*continued*)			
PT Bank Mandiri (Persero) Tbk (lanjutan/*continued*)			
Fasilitas Kredit Transaksi Khusus X/ *Special Transaction Credit Facility X*	Desember 2018/ *December 2018*	Angsuran per kuartal mulai September 2020 sampai dengan Desember 2021/ *Quarterly installments starting September 2020 until December 2021*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit Jangka Pendek/ *Short-term Facility*	Maret 2018/ *March 2018*	Maret 2019/ *March 2019* Fasilitas ini telah dilunasi seluruhnya pada Oktober 2018/ *This Facility has been fully repaid in October 2018.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
PT Bank Negara Indonesia (Persero) Tbk			
Fasilitas Kredit *Term Loan*/ *Term Loan Facility*	Januari 2015/ *January 2015*	Januari 2020/ *January 2020*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
Fasilitas Kredit *Term Loan*/ *Term Loan Facility*	September 2015/ *September 2015*	Angsuran per semester sampai dengan 2020/ *Semi annual installments until September 2020* Kedua fasilitas ini telah dilunasi seluruhnya pada Oktober 2018/ *These two facilities have been fully repaid in October 2018*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured..*
PT Bank ICBC Indonesia			
Fasilitas Pinjaman Tetap atas Permintaan/ *Fixed Loan on Demand*	Februari 2014/ *February 2014*	Februari 2017/ *February 2017* Fasilitas ini telah dilunasi seluruhnya pada Februari 2017/ *This Facility has been fully repaid in February 2017.*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
The Hongkong and Shanghai Bank Corporation			
Fasilitas Perbankan Korporasi/ *Corporate Facility agreement*	Oktober 2018/ *October 2018*	Januari 2019/ *January 2019*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*
PT DBS Bank Indonesia			
Fasilitas Perbankan Korporasi/ *Corporate Facility agreement*	Maret 2018/ *March 2018*	Desember 2021/ *December 2021*	Fasilitas ini tidak dijamin dengan agunan khusus/ *The loan facility is unsecured.*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
PT Api Metra Graha			
PT Bank Bukopin Tbk		Fasilitas ini telah dilunasi seluruhnya pada Juni 2017/ *This facility has been fully repaid in June 2017*	
Fasilitas pertama/ *First facility*	Oktober 2006/ *October 2006*	Desember 2018/ *December 2018*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas kedua/ *Second facility*	Oktober 2006/ *October 2006*	Desember 2018/ *December 2018*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas keempat/ *Fourth facility*	Februari 2008/ *February 2008*	Desember 2018/ *December 2018*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas kelima/ *Fifth facility*	April 2010/ *April 2010*	Desember 2018/ *December 2018*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas keenam/ *Sixth facility*	Januari 2012/ *January 2012*	Juni 2021/ *June 2021*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas ketujuh/ *Seventh facility*	Januari 2012/ *January 2012*	Juni 2021/ *June 2021*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*
Fasilitas kedelapan/ *Eighth facility*	Oktober 2014/ *October 2014*	Oktober 2021/ *October 2021*	Fasilitas ini dijaminkan dengan gedung The Energy dan gedung Trada, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building and Trada Building, investment properties owned by the Group (Note 17).*
Fasilitas kesembilan/ *Ninth facility*	Agustus 2015/ *August 2015*	Agustus 2025/ *August 2025*	Fasilitas ini dijaminkan dengan gedung The Energy, properti investasi yang dimiliki oleh Grup (Catatan 17)/ *This facility is collateralized by The Energy Building, an investment property owned by the Group (Note 17).*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
PT Medco E & P Tomori Sulawesi			
PT Bank ANZ Indonesia PT Bank DBS Indonesia PT Bank Mandiri (Persero) Tbk Standard Chartered Bank Sumitomo Mitsui Banking Corporation Fasilitas *term loan* dengan jaminan/ *Senior secured long term facility*	November 2015/ *November 2015*	Juni 2021/ *June 2021* Fasilitas ini telah dipertukarkan dengan Perjanjian Sindikasi pada Oktober 2018/ *This Facility has been exchanged with Syndication Agreement in October 2018*	Fasilitas ini dijamin dengan gadai atas *project account* dan fidusia atas aset bergerak dan hak tagih/ *This facility is collateralized by pledge over the project account and fiduciary over moveable assets and receivables.*
Medco Natuna Pte Ltd			
PT Bank Mandiri (Persero) Tbk Cabang Singapura/ *Singapore Branch* Perjanjian Kredit Fasilitas/ *Credit Facility Agreement*	Desember 2016/ *December 2016*	Desember 2021/ *December 2021* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2017/ *This Facility has been fully repaid in August 2017*	Fasilitas ini dijamin dengan gadai atas rekening bank/ *This facility is collateralized by pledge over bank account.*
ANZ Bank Ltd Fasilitas Kredit *Term Loan*/ *Term Loan Facility*	September 2016/ *September 2016*	September 2021/ *September 2021* Fasilitas ini telah dilunasi seluruhnya pada Desember 2016/ *This Facility has been fully repaid in December 2016*	Fasilitas ini dijamin dengan gadai atas rekening bank/ *This facility is collateralized by pledge over bank account.*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Kreditur/*Lenders*	**Tanggal efektif pinjaman/ *Loan effectivity date***	**Jadwal pelunasan/ *Repayment schedule***	**Jaminan/*Security***
PT Medco E & P Malaka			
Australia and New Zealand Banking Group Limited ING Bank N.V, Cabang Singapura/ *Singapore Branch* Societe Generale, Cabang Singapura/ *Singapore Branch* BNP Paribas, Cabang Singapura/ *Singapore Branch* Bank of China (Hong Kong) Limited, Cabang Jakarta/ *Jakarta Branch* Credit Agricole Corporate And Investment Bank Intesa Sanpaolo S.p.A Cabang Hong Kong/ *Hong Kong Branch* Mizuho Bank,Ltd Sumitomo Mitsui Banking Corporation, Cabang Singapura/ *Singapore Branch* PT Bank ANZ Indonesia Fasilitas *term loan* dengan jaminan/ *Senior secured long-term Facility*	Juli 2017/ *July 2017*	Juni 2024/ *June 2024* Fasilitas ini telah dipertukarkan dengan Perjanjian Sindikasi pada Oktober 2018/ *This Facility has been exchanged with Syndication Agreement in October 2018*	Fasilitas ini dijamin dengan gadai atas *project account dan* fidusia atas aset bergerak dan hak tagih/ *This facility is collateralized by pledge over the project account and fiduciary over moveable assets and receivables.*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
PT Medco E & P Malaka dan/*and* PT Medco E & P Tomori Sulawesi			
Australia and New Zealand Banking Group Limited ING Bank N.V., Cabang Singapura/ *Singapore Branch* PT Bank ANZ Indonesia Societe Generale, Cabang Singapura/ *Singapore Branch* PT Bank DBS Indonesia PT Bank Mandiri (Persero) Tbk Cabang Singapura/ *Singapore Branch* BNP Paribas Credit Agricole Corporate and Investment Bank Credit Suisse AG, Cabang Singapura/ *Singapore Branch* Natixis, Cabang Singapura/ *Singapore Branch* Standard Chartered Bank, Cabang Singapura/ *Singapore Branch* Sumitomo Mitsui Banking Corporation, Cabang Singapura/ *Singapore Branch* PT Bank Sumitomo Mitsui Indonesia The Hongkong and Shanghai Banking Corporation Limited, Cabang Singapura/ *Singapore Branch* Mizuho Bank Ltd MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd) Cabang Jakarta/ *Jakarta Branch* PT Bank UOB Indonesia ("Pemberi pinjaman Sindikasi/ *Syndication loan lender*") Perjanjian Sindikasi/ *Syndication Agreement*	Oktober 2018/ *October 2018* diamandemen pada Desember 2018/ *October 2018 amended in December 2018*	September 2024/ *September 2024*	Fasilitas ini dijamin dengan saham PT Medco E & P Malaka dan PT Medco E & P Tomori Sulawesi, *project account*, fidusia atas aset bergerak, fidusia atas klaim asuransi, dan fidusia atas piutang/ *This facility is collateralized by pledge over shares of PT Medco E & P Malaka and PT Medco E & P Tomori Sulawesi, project account, fiduciary over moveable assets, insurance claims, and receivables.*

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

27. BANK LOANS (continued)

a. Bank Loans (continued)

Kreditur/*Lenders*	**Tanggal efektif pinjaman/ *Loan effectivity date***	**Jadwal pelunasan/ *Repayment schedule***	**Jaminan/*Security***
PT Medco Geopower Sarulla			
Konsorsium Pemberi Pinjaman Sarulla/ *Sarulla Lenders Consortium* Fasilitas *term loan*/ *Term loan facility*	Maret 2014/ *March 2014*	Maret 2034/ *March 2034*	Fasilitas ini dijamin dengan aset proyek berdasarkan perjanjian konsesi jasa, hak atas piutang atas proyek dan gadai saham dalam proyek/ *This facility is collateralized by all of the project's assets based on service concession arrangement, rights over receivables on the project and a pledge of all shares in the project.*
PT Medco Power Indonesia (MPI)			
MUFG Bank Ltd (dahulu/*formerly* The Bank of Tokyo-Mitsubishi UFJ, Ltd) Fasilitas term loan/ *Term loan facility*	Maret 2017/ *March 2017*	Maret 2019/ *March 2019*	Fasilitas ini dijamin dengan jaminan perusahaan yang diterbitkan oleh MPI dan/atau pemegang saham/ *This facility is collateralized by corporate guarantee from MPI and/or shareholders.*
PT Bank DBS Indonesia ("DBS") Fasilitas *omnibus*/ *Uncommitted omnibus facility*	Desember 2014/ *December 2014*	September 2018/ *September 2018* Fasilitas ini telah dilunasi seluruhnya pada September 2018/ *This facility has been fully repaid in September 2018*	Fasilitas ini dijamin dengan jaminan kebendaan fidusia atas mesin dan peralatan, jaminan fidusia atas piutang MPI, deposito MPI yang disimpan di DBS dan rekening bank milik MPI yang dibuka di DBS/ *This facility was collateralized by fiduciary material security on machinery and equipment, fiduciary security of receivables of MPI, MPI's deposits in DBS and MPI's bank accounts at DBS.*
PT Bank Mandiri (Persero) Tbk Fasilitas *omnibus*/ *Uncommitted omnibus facility*	November 2011/ *November 2011*	November 2018/ *November 2018* Fasilitas ini telah dilunasi seluruhnya pada November 2018/ *This facility has been fully repaid in November 2018*	Fasilitas ini dijamin dengan jaminan piutang, mesin dan dana di rekening Mandiri/ *This facility was collateralized by the collateral of receivables, machine and funds in Mandiri account.*
ING Bank N.V, Cabang Singapura/ *Singapore Branch* Fasilitas Kredit *Term Loan*/ *Credit Term Loan Facility*	July 2017/ *July 2017*	September 2019/ *September 2019*	Fasilitas ini dijamin dengan jaminan perusahaan yang diterbitkan oleh MPI dan/atau pemegang saham/ *This facility is collateralized by corporate guarantee from MPI and/or shareholders.*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
PT Medco Power Indonesia (MPI) (lanjutan/*continued*)			
PT Bank Woori Saudara Indonesia 1906 Tbk Fasilitas Kredit Pembiayaan Konsumtif/ *Consumer Credit Facility*	Maret 2013/ *March 2013*	Februari 2019/ *February 2019* Fasilitas ini telah dilunasi seluruhnya pada Maret 2018/ *This facility has been fully repaid in March 2018*	Fasilitas ini dijamin dengan kendaraan yang diperoleh/ *This facility was collateralized by acquired vehicles.*
PT Maybank Indonesia Finance Fasilitas Kredit Pembiayaan Konsumtif/ *Consumer Credit Facility*	Juni 2014/ *June, 2014*	Februari 2021/ *February 2021*	Fasilitas ini dijamin dengan kendaraan yang diperoleh/ *This facility is collateralized by acquired vehicles.*
PT Dalle Energy Batam			
Lembaga Pembiayaan Ekspor Indonesia (LPEI) Fasilitas Kredit Investasi Ekspor/ *Investment Export Credit Facility* Fasilitas SBLC/ *Standby Letters of Credit (SBLC) Facility*	Oktober 2015/ *October 2015*	September 2022/ *September 2022* Fasilitas ini telah dilunasi seluruhnya pada September 2018/ *This facility has been fully repaid in September 2018*	Fasilitas ini dijamin dengan aset tetap berdasarkan perjanjian sewa, hak atas piutang atas proyek GTG, saham DEB, hak atas asuransi proyek, dan semua rekening yang menjadi jaminan yang terkait dengan proyek ini/ *This facility was collateralized by property, plant and equipment under an arrangement containing a lease, rights over receivables on the GTG project, shares of DEB, rights on project insurance, and all secured by Bank accounts related to the project.*
PT Energi Prima Elektrika			
PT Bank Syariah Mandiri Fasilitas Kredit - Qardh wal Murabahah/ *Credit Line Facility - Qardh wal Murabahah* Fasilitas Kredit Kafalah/ *Kafalah Loan Facility*	Maret 2013/ *March 2013* Juli 2016/ *July 2016*	April 2020/ *April 2020* Agustus 2018/ *August 2018* Fasilitas ini telah dilunasi seluruhnya pada Juli 2018/ *This facility has been fully repaid in July 2018*	Fasilitas ini dijamin dengan aset tetap dan piutang secara fidusia/ *This facility is collateralized by property, plant and equipment and fiduciary of receivables.* Fasilitas ini dijamin dengan aset tetap dan piutang secara fidusia/ *This facility was collateralized by property, plant and equipment and fiduciary of receivables.*

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

27. BANK LOANS (continued)

a. Bank Loans (continued)

Kreditur/*Lenders*	**Tanggal efektif pinjaman/ *Loan effectivity date***	**Jadwal pelunasan/ *Repayment schedule***	**Jaminan/*Security***
PT Multidaya Prima Elektrindo			
PT Bank Syariah Mandiri Fasilitas Kredit - Qardh wal Murabahah/ *Credit Line Facility - Qardh wal Murabahah*	Maret 2013/ *March 2013*	Desember 2018/ *December 2018*	Fasilitas ini dijamin dengan aset tetap sewa guna usaha dan penyerahan piutang secara fidusia/ *This facility is collateralized by property, plant and equipment under an arrangement containing a lease and fiduciary transfer of receivables.*
Fasilitas Kredit Kafalah/ *Kafalah Loan Facility*	Desember 2016/ *December 2016*	Desember 2018/ *December 2018* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2018/ *This facility has been fully repaid in August 2018*	Fasilitas ini dijamin dengan aset tetap sewa guna usaha dan penyerahan piutang secara fidusia/ *This facility was collateralized by property, plant and equipment under an arrangement containing a lease and fiduciary transfer of receivables.*
PT Energi Listrik Batam ("ELB")			
PT Bank Syariah Mandiri Fasilitas Musyarakah Mutanaqishah/ *Musyarakah Mutanaqishah Facility* Fasilitas Musyarakah/ *Musyarakah Facility* Fasilitas Kafalah bin Ujrah/ *Kafalah bin Ujrah Facility*	Desember 2016/ *December 2016*	Desember 2026/ *December 2026*	Fasilitas ini dijamin dengan aset tetap sewa guna usaha hak atas piutang, saham ELB yang dimiliki oleh PT Universal Batam Energy dan PT Universal Gas Energy dan surat jaminan dari MPI/ *This facility is collateralized by property, plant and equipment under an arrangement containing a lease, rights over receivables, shares of stock of ELB owned by PT Universal Batam Energy and PT Universal Gas Energy and guarantee letter from MPI.*
PT Bio Jatropha Indonesia ("BJI")			
PT Bank Muamalat Indonesia Tbk (BMI) Fasilitas Kredit Al Qardh, Al Murabahah dan *Line facility Murabahah*/ *Al Qardh, Al Murabahah and Credit Line Murabahah Facility*	Oktober 2016/ *October 2016*	April 2025/ *April 2025* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2018/ *This facility has been fully repaid in August 2018*	Fasilitas ini dijamin dengan aset tetap berdasarkan perjanjian sewa, hak atas piutang atas penjualan tenaga listrik ke PLNDJB, saham BJI milik PT Sangsaka Agro Lestari dan PT Sangsaka Hidro Selebes, dan kas yang dibatasi penggunaannya di bank/ *This facility was collateralized by property, plant and equipment under an arrangement containing a lease, rights over receivables on electric power sales to PLNDJB, shares of stock of BJI owned by PT Sangsaka Agro Lestari and PT Sangsaka Hidro Selebes, and restricted cash in bank.*

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

27. BANK LOANS (continued)

a. Bank Loans (continued)

Kreditur/*Lenders*	**Tanggal efektif pinjaman/ *Loan effectivity date***	**Jadwal pelunasan/ *Repayment schedule***	**Jaminan/*Security***
PT Pembangkitan Pusaka Parahiangan			
Sindikasi PT Bank Syariah Mandiri (BSM) dan PT Bank Muamalat Indonesia Tbk/ *Syndication of PT Bank Syariah Mandiri (BSM) and PT Bank Muamalat Indonesia Tbk (BMI)* Fasilitas Kredit *Murabahah, Wakalah/ Murabahah, Wakalah Loan Facility*	September 2014/ *September 2014*	September 2025/ *September 2025* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2018/ *This facility has been fully repaid in August 2018*	Fasilitas ini dijamin dengan gadai atas aset tetap yang mengandung perjanjian sewa guna usaha dan hak atas penyerahan piutang secara fidusia/ *This facility was collateralized by property, plant and equipment under an arrangement containing a lease and fiduciary transfer of receivables.*
PT Sangsaka Hidro Barat			
Bank Syariah Mandiri (BSM) PT Bank Muamalat Indonesia Tbk (BMI) Fasilitas Kredit *Murabahah, Wakalah/ Murabahah, Wakalah Loan Facility*	September 2014/ *September 2014*	September 2023/ *September 2023* Fasilitas ini telah dilunasi seluruhnya pada Agustus 2018/ *This facility has been fully repaid in August 2018*	Fasilitas ini dijamin dengan gadai atas aset tetap yang mengandung perjanjian sewa guna usaha dan hak atas penyerahan piutang secara fidusia/ *This facility was collateralized by property, plant and equipment under an arrangement containing a lease and fiduciary transfer of receivables.*

27. PINJAMAN BANK (lanjutan) / *27. BANK LOANS (continued)*

a. Pinjaman Bank (lanjutan) / *a. Bank Loans (continued)*

	2018	2017	2016	
Tingkat bunga per tahun				*Interest rate per annum*
Rupiah	7,83% - 14,42%	10,00% - 12,00%	11,40% - 11,80%	*Rupiah*
Dolar Amerika Serikat	3,88% - 6,57%	3,20% - 6,50%	4,25% - 7,40%	*United States Dollar*

Berdasarkan perjanjian atas pinjaman-pinjaman di atas, Grup harus mematuhi batasan-batasan tertentu, antara lain untuk memperoleh persetujuan tertulis dari pemberi pinjaman sebelum melakukan transaksi-transaksi tertentu seperti mengadakan penggabungan usaha, pengambilalihan, likuidasi atau perubahan status serta Anggaran Dasar, mengurangi modal dasar, ditempatkan dan disetor penuh; pembatasan dalam pemberian pinjaman kepada pihak ketiga; penjaminan negatif, dengan beberapa pengecualian khusus; pembatasan dalam mengubah aktivitas utama dan mengumumkan dan membayar dividen melebihi persentase tertentu dari laba neto konsolidasian; dan harus mematuhi rasio-rasio keuangan tertentu.

Under its loan agreements, the Group is subject to various covenants, among others to obtain written approval from the lenders before entering into certain transactions such as mergers, acquisitions, liquidation or change in status and Articles of Association, reducing the authorized, issued and fully paid capital; restrictions on lending money to third parties; negative pledges, with certain exceptions; restrictions on change in core business activities and declaring and paying dividends in excess of a certain percentage of consolidated net income; and requirement to comply with certain financial ratios.

Pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat bahwa Grup mematuhi semua pembatasan-pembatasan tersebut dan Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

As of December 31, 2018, 2017 and 2016, the management is of the opinion that, the Group is in compliance with all of the above covenant and the Group has complied with all financial ratios required to be maintained under the loan agreements.

Perusahaan / *The Company*

Pada tanggal 22 Januari 2016, Perusahaan telah mengakhiri Perjanjian Swap Atas Suku Bunga dengan BTMU, Morgan Stanley & Co International PLC, dan PT Bank CIMB Niaga Tbk dengan nilai awal sejumlah AS$10.000.000 untuk masing-masing Pihak Ketiga dan dengan tanggal jatuh tempo awal pada 3 Juli 2017, dikarenakan pelunasan dipercepat atas transaksi dasar yaitu fasilitas kredit dari BTMU, Cabang Jakarta sebesar AS$30.000.000.

On January 22, 2016, the Company has terminated its Interest Rate Swap Agreements with BTMU, Morgan Stanley & Co International PLC, and PT Bank CIMB Niaga Tbk with initial amount of US$10,000,000 for each counterparty and original expiry date on July 3, 2017, due to the early repayment of the underlying exposure which is credit facility from BTMU, Jakarta Branch amounting to US$30,000,000.

Pada tanggal 15 Juli 2016, Perusahaan melunasi fasilitas kredit Perjanjian Transaksi Khusus ("PTK") II dari Bank Mandiri sebesar AS$95 juta.

On July 15, 2016, the Company has fully repaid Special Transaction Credit Facility ("PTK") II from Bank Mandiri of US$95 million.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

Perusahaan (lanjutan)

Pada tanggal 27 Desember 2016, Perusahaan melakukan penarikan sejumlah AS$16.000.000 dari fasilitas *Revolving Loan* dari The Hongkong and Shanghai Banking Corporation Ltd dan telah melunasi fasilitas tersebut pada tanggal 16 Juni 2017.

Pada tanggal 28 September 2017, Perusahaan menandatangani perjanjian kredit dengan PT Bank Mandiri (Persero) Tbk sebesar AS$85.000.000 dengan jangka waktu 39 bulan. Fasilitas kredit ini akan digunakan untuk pembiayaan akuisisi PT Saratoga Power yang dimiliki oleh PT Saratoga Sentra Business dan Saratoga Asia III Luxembourg. Pada tanggal 29 September 2017, Perusahaan telah menggunakan seluruh fasilitas kredit ini.

Pada tanggal 28 Desember 2017, Perusahaan menandatangani perjanjian kredit dengan PT Bank DBS Indonesia sebesar AS$50.000.000 dengan jangka waktu 4 tahun. Fasilitas kredit ini digunakan untuk pembiayaan kembali utang Perusahaan dan biaya-biaya pengeluaran Perusahaan lainnya. Pada tanggal 11 Januari 2018, Perusahaan melakukan penarikan atas seluruh fasilitas. Fasilitas ini akan dicicil setiap tiga bulan (mulai tanggal 28 September 2018) dan akan jatuh tempo pada tanggal 28 Desember 2021.

Pada tanggal 23 Januari 2018, Perusahaan melakukan pelunasan atas sisa saldo fasilitas PTK VII dari Bank Mandiri sebesar AS$165.000.000.

Pada tanggal 7 Februari 2018, Perusahaan melakukan pelunasan dipercepat sukarela atas seluruh fasilitas PTK IV sebesar AS$100.000.000 dan PTK V sebesar AS$100.000.000 dari Bank Mandiri.

27. BANK LOANS (continued)

a. Bank Loans (continued)

The Company (continued)

On December 27, 2016, the Company made a drawdown of US$16,000,000 from Revolving Loan Facility from The Hongkong and Shanghai Banking Corporation Ltd and was fully repaid on June 16, 2017.

On September 28, 2017, the Company signed a credit facility agreement with PT Bank Mandiri (Persero) Tbk amounting to US$85,000,000 with 39 months tenor. This credit facility will be used for the acquisition of PT Saratoga Power owned by PT Saratoga Sentra Business and Saratoga Asia III Luxembourg. On September 29, 2017, the Company has fully used this credit facility.

On December 28, 2017, the Company signed a credit facility agreement with PT Bank DBS Indonesia amounting to US$50,000,000 with 4 years tenor. This credit facility is used for refinancing the Company's debts and any expenses incurred. On January 11, 2018, the Company has fully drawdown this credit facility. The facility will be paid quarterly (first installment is due on September 28, 2018) and will be matured on December 28, 2021.

On January 23, 2018, the Company fully repaid the remaining balance of the credit facility PTK VII from Bank Mandiri amounting to US$165,000,000.

On February 7, 2018, the Company has voluntarily fully repaid the credit facility PTK IV amounting to US$100,000,000 and PTK V amounting to US$100,000,000 from Bank Mandiri.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

Perusahaan (lanjutan)

Pada tanggal 21 Februari 2018, Perusahaan melakukan pelunasan dipercepat atas sebagian fasilitas PTK VI sebesar AS$54.650.000 dari Bank Mandiri.

Pada tanggal 8 Maret 2018, Perusahaan menandatangani perjanjian Fasilitas Kredit Jangka Pendek ("Fasilitas") dengan Bank Mandiri sebesar AS$50 juta dengan tenor satu tahun. Perusahaan melakukan penarikan atas seluruh Fasilitas pada tanggal 21 Maret 2018 dengan jangka waktu pinjaman satu bulan. Pada tanggal 20 April 2018, Perusahaan melunasi fasilitas Kredit Jangka Pendek dari Bank Mandiri sebesar AS$50 juta. Pada tanggal 24 September 2018, Perusahaan kembali melakukan penarikan atas seluruh fasilitas dengan waktu pinjaman satu bulan. Pada tanggal 24 Oktober 2018, Perusahaan telah melunasi fasilitas kredit jangka pendek dari Bank Mandiri sebesar AS$50.000.000.

Pada 5 Oktober 2018, Perusahaan melakukan penarikan sebesar AS$20.000.000 dari fasilitas *revolving loan* dari The Hong Kong and Shanghai Banking Corporation Limited (HSBC) dan akan jatuh tempo pada 3 Januari 2019.

Pada tanggal 10 Oktober 2018, Perusahaan melakukan pelunasan dipercepat atas seluruh fasilitas kredit term loan dengan PT Bank Negara Indonesia (Persero) Tbk (BNI) sebesar AS$52.500.000 dan AS$75.000.000.

Pada tanggal 20 Desember 2018, Perusahaan menandatangani Perjanjian Fasilitas Kredit transaksi khusus X ("PTK X") dengan Bank Mandiri sebesar sampai dengan AS$200.000.000 dengan tenor tiga tahun. Tujuan penggunaan fasilitas ini adalah pemenuhan kekurangan dana Perusahaan dalam rangka kebutuhan kegiatan usaha terkait migas, pendanaan ulang terkait pinjaman bank, obligasi, dan instrumen utang lainnya. Dari maksimum fasilitas di atas, Perusahaan telah melakukan penarikan sebesar AS$162.000.000 pada tanggal 27 Desember 2018.

27. BANK LOANS (continued)

a. Bank Loans (continued)

The Company (continued)

On February 21, 2018, the Company has partially repaid the credit facility PTK VI amounting to US$54,650,000 from Bank Mandiri.

On March 8, 2018, the Company signed a Short-Term Credit Facility ("Facility") with Bank Mandiri amounting to US$50 million with tenor of one year. The Company has fully utilized the Facility on March 21, 2018 for one month. On April 20, 2018, the Company repaid the Short-Term Credit Facility from Bank Mandiri amounting to US$50 million. On September 24, 2018, the Company has draw down the facility for one month. On October 24, 2018, the Company has fully repaid the short term facility from Bank Mandiri amounting to US$50,000,000.

On October 5, 2018, the Company made a draw down of US$20,000,000 from revolving loan facility from The Hong Kong and Shanghai Banking Corporation Limited (HSBC) which will be due on January 3, 2019.

On October 10, 2018, the Company has fully repaid the term loan facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) amounting to US$52,500,000 and US$75,000,000.

On December 20, 2018, the Company signed Special Transaction Credit Facility X ("PTK X") with Bank Mandiri amounting to US$200,000,000 with three years tenor. The purpose of the proceeds are to fulfill the Company's cash flow gap in oil and gas – related business activities and to refinance the existing bank loans, bonds and other debt instruments. From total facility mentioned above, the Company made a drawdown of US$162,000,000 on December 27, 2018.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

PT Medco E & P Tomori Sulawesi ("MEPTS")

Pada tanggal 24 November 2015, MEPTS menandatangani perjanjian kredit dengan PT Bank ANZ Indonesia, PT Bank DBS Indonesia, Bank Mandiri, Standard Chartered Bank, dan Sumitomo Mitsui Banking Corporation sebesar AS$200.000.000 dan akan jatuh tempo pada tanggal 30 Juni 2021. Pada tanggal 10 Desember 2015, MEPTS telah menggunakan seluruh fasilitas kredit tersebut.

Pada tanggal 19 Oktober 2018, sehubungan dengan ditandatanganinya *Senior Secured Facility Agreement* (selanjutnya diamendemen menjadi Perjanjian Sindikasi) antara MEPTS dan MEPM dengan pemberi pinjaman sindikasi, saldo dari pinjaman sebelumnya dipertukarkan menjadi saldo pinjaman *Senior Secured Facility Agreement*. Berdasarkan evaluasi manajemen, persyaratan *Senior Secured Facility Agreement* berbeda secara substansial dengan perjanjian sebelumnya sehingga pertukaran tersebut dicatat sebagai penghapusan liabilitas keuangan awal dan pengakuan liabilitas yang baru. Biaya transaksi yang belum diamortisasi atas liabilitas keuangan awal sebesar AS$24.423 dibebankan pada tahun berjalan.

Medco Natuna Pte Ltd ("MNPL")

Pada tanggal 27 Desember 2016, MNPL menandatangani perjanjian kredit dengan Bank Mandiri sebesar AS$230.000.000 yang akan dibayar secara angsuran per kuartal sampai dengan Desember 2021. Pada tanggal 29 Desember 2016, MNPL telah menggunakan seluruh fasilitas tersebut.

Pada tanggal 21 Agustus 2017, MNPL, melakukan pembatalan dan pelunasan dipercepat atas seluruh fasilitas kredit ini dari PT Bank Mandiri (Persero) Tbk.

27. BANK LOANS (continued)

a. Bank Loans (continued)

PT Medco E & P Tomori Sulawesi ("MEPTS")

On November 24, 2015, MEPTS signed credit facility with PT Bank ANZ Indonesia, PT Bank DBS Indonesia, Bank Mandiri, Standard Chartered Bank, and Sumitomo Mitsui Banking Corporation amounting to US$200,000,000 and will mature on June 30, 2021. On December 10, 2015, MEPTS has fully utilized the credit facility.

On October 19, 2018, in connection with the signing of Senior Secured Facility Agreement (further amended to become Syndication Agreement) between MEPTS and MEPM with the syndicated lenders, the balance of the previous agreement was exchanged into the balance of the liabilities under the Senior Secured Facility Agreement. Based on management's evaluation, the terms under the Senior Secured Facility Agreement are substantially different from that of the previous agreement. Therefore, the exchange was accounted for as extinguishment of the original financial liabilities and the recognition of a new financial liability. Unamortized transaction cost of the original financial liabilities amounted to US$24,423 was charged to current operations.

Medco Natuna Pte Ltd ("MNPL")

On December 27, 2016, MNPL signed a credit facility agreement with Bank Mandiri amounting to US$230,000,000 payable in quarterly installments until December 2021. On December 29, 2016, MNPL has fully utilized the facility.

On August 21, 2017, MNPL, has fully cancelled and accelerated the payments of this credit facility from PT Bank Mandiri (Persero) Tbk.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

PT Medco E & P Malaka ("MEPM")

Pada tanggal 14 Juli 2017, MEPM menandatangani perjanjian Fasilitas Pinjaman Berjangka dengan Jaminan dengan Australia and New Zealand Banking Group Limited, ING Bank N.V., Cabang Singapura, dan Societe Generale, Cabang Singapura sebesar AS$360.000.000 dengan tenor 60 bulan setelah Tanggal Penyelesaian.

Fasilitas ini dijamin dengan gadai atas *Project Account* dan fidusia atas aset bergerak dan hak tagih.

Tanggal Penyelesaian Terakhir adalah 30 Juni 2019 atau tanggal yang disetujui oleh Mayoritas Pemberi Pinjaman. Pada tanggal 31 Juli 2017, Perusahaan telah melakukan penarikan pertama sebesar AS$100.285.000 dan pada tanggal 29 September 2017 Perusahaan telah melakukan penarikan kedua sebesar AS$72.050.000.

Pada tanggal 29 Desember 2017, MEPM, melakukan penarikan ketiga sebesar AS$56.562.000 atas Fasilitas Pinjaman Berjangka dengan Jaminan.

Pada tanggal 29 Maret 2018, MEPM, melakukan penarikan keempat sebesar AS$39.026.000 atas Fasilitas Pinjaman Berjangka.

Pada tanggal 29 Juni 2018, MEPM melakukan penarikan kelima sebesar AS$26.981.000 atas Fasilitas Pinjaman Berjangka.

27. BANK LOANS (continued)

a. Bank Loans (continued)

PT Medco E & P Malaka ("MEPM")

On July 14, 2017, MEPM signed a Senior Secured Term Loan Facility Agreement with Australia and New Zealand Banking Group Limited, ING Bank N.V., Singapore Branch, and Societe Generale, Singapore Branch for a loan of US$360,000,000 with a 60-month tenor after the Completion Date.

This Facility is collaterized by a pledge over Project Account and fiduciary over movable assets and receivables.

The Completion Date is June 30, 2019 or such later date approved by the Majority Lenders. On July 31, 2017, the Company has made the first drawdown amounting to US$100,285,000 and on September 29, 2017, the Company has made the second drawdown amounting to US$72,050,000.

On December 29, 2017, MEPM made the third drawdown amounting to US$56,562,000 from the Senior Secured Term Loan Facility Agreement.

On March 29, 2018, MEPM made the fourth drawdown amounting to US$39,026,000 from the Senior Secured Term Loan Facility Agreement.

On June 29, 2018, MEPM made the fifth drawdown amounting to US$26,981,000 from the Senior Secured Term Loan Facility Agreement.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

PT Medco E & P Malaka ("MEPM") (lanjutan)

Pada tanggal 19 Oktober 2018, sehubungan dengan ditandatanganinya *Senior Secured Facility Agreement* (selanjutnya diamendemen menjadi Perjanjian Sindikasi) antara MEPTS dan MEPM dengan pemberi pinjaman sindikasi, saldo dari pinjaman sebelumnya dipertukarkan menjadi saldo pinjaman *Senior Secured Facility Agreement*. Berdasarkan evaluasi manajemen, persyaratan *Senior Secured Facility Agreement* tidak berbeda secara substansial dengan perjanjian sebelumnya sehingga pertukaran tersebut dicatat sebagai modifikasi atas liabilitas keuangan awal. Dengan demikian, biaya transaksi yang atas liabilitas keuangan dari *Senior Secured Facility Agreement* sebesar AS$7.946.988 dikapitalisasi dan diamortisasi selama sisa periode dari liabilitas yang telah dimodifikasi tersebut.

PT Medco E & P Malaka ("MEPM") dan PT Medco E & P Tomori Sulawesi ("MEPTS")

Pada tanggal 19 Oktober 2018, MEPM dan MEPTS menandatangani *Senior Secured Facility Agreement* dengan jaminan dengan ANZ, ING, dan SG (yang kemudian diubah pada tanggal 27 Desember 2018 menjadi Perjanjian Sindikasi dengan perubahan utama pada pihak-pihak sindikasi) dengan nilai maksimal sampai dengan AS$500.000.000 yang akan jatuh tempo pada tanggal 30 September 2024. Pada tanggal 25 Oktober 2018, MEPM dan MEPTS telah menggunakan fasilitas tersebut sejumlah AS$482.394.794. Fasilitas pinjaman ini merupakan pertukaran dari liabilitas keuangan MEPM dan MEPTS sebelumnya. Fasilitas ini dijamin dengan saham PT Medco E & P Malaka dan PT Medco E & P Tomori Sulawesi, *project account*, fidusia atas aset bergerak, fidusia atas klaim asuransi, dan fidusia atas piutang. Secara bersamaan, transaksi *swap* atas tingkat suku bunga ("IRS") di MEPTS telah diakhiri lebih awal karena pertukaran tersebut dicatat sebagai penghapusan liabilitas keuangan awal dan pengakuan liabilitas yang baru; sementara transaksi IRS di MEPM disesuaikan karena pertukaran tersebut dicatat sebagai modifikasi atas liabilitas keuangan awal.

27. BANK LOANS (continued)

a. Bank Loans (continued)

PT Medco E & P Malaka ("MEPM") (continued)

On October 19, 2018, in connection with the signing of Senior Secured Facility Agreement between MEPTS and MEPM with the syndicated lenders, the loan balance of the previous agreement was exchanged into the balance of the liabilities under the Senior Secured Facility Agreement (further amended to become Syndication Agreement). Based on management's evaluation, the terms under the Senior Secured Facility Agreement are not substantially different from that of the previous agreement. Therefore, the exchange was accounted for as modification of the original financial liabilities. The transaction cost of the Senior Secured Facility Agreement amounted to US$7,946,988 was capitalized and amortized during the remainder of the modified liabilities.

PT Medco E & P Malaka ("MEPM") and PT Medco E & P Tomori Sulawesi ("MEPTS")

On October 19, 2018, MEPM and MEPTS signed a Senior Secured Facility Agreement with ANZ, ING, and SG (which was amended on December 27, 2018 to become Syndication Agreement with the main change of the syndicated parties) for a loan up to US$500,000,000 which will mature on September 30, 2024. On October 25, 2018, MEPM and MEPTS has utilized a total amount of US$482,394,794 of the facility.This facility is considered as an exchange from the previous financial liabilities of MEPM and MEPTS. This facility is collateralized by pledge over the shares of PT Medco E & P Malaka and PT Medco E & P Tomori Sulawesi, project account, fiduciary over moveable assets, insurance claims, and receivables. Concurrently, the Interest Rate Swap Transaction ("IRS") in MEPTS has been terminated since the exchange was accounted for as extinguishment of the original financial liabilities and the recognition of a new financial liability; whereas the IRS in MEPM was amended since the exchange was accounted for as modification of the original financial liabilities.

27. PINJAMAN BANK (lanjutan)

a. Pinjaman Bank (lanjutan)

PT Medco Power Internasional dan Entitas Anak

Pada tanggal 12 Juli 2018, PT Energi Prima Elektrika ("EPE") telah melunasi seluruh pinjaman dari PT Bank Syariah Mandiri.

Pada tanggal 31 Agustus 2018, PT Bio Jatropha Indonesia ("BJI") telah melunasi seluruh pinjaman dari PT Bank Muamalat Indonesia Tbk.

Pada tanggal 31 Agustus 2018, PT Multidaya Prima Elektrindo ("MPE") telah melunasi seluruh pinjaman dari PT Bank Syariah Mandiri.

Pada tanggal 31 Agustus 2018, PT Medco Power Indonesia telah melunasi seluruh pinjaman dari PT Bank DBS Indonesia.

Pada tanggal 31 Agustus 2018, PT Pembangkitan Pusaka Parahiangan ("PPP") telah melunasi seluruh pinjaman sindikasi dari PT Bank Syariah Mandiri dan PT Bank Muamalat Indonesia Tbk.

Pada tanggal 31 Agustus 2018, PT Sangsaka Hidro Barat telah melunasi seluruh pinjaman sindikasi dari PT Bank Syariah Mandiri dan PT Bank Muamalat Indonesia Tbk.

Pada tanggal 14 September 2018, PT Dalle Energy Batam ("DEB") telah melunasi seluruh pinjaman dari Lembaga Pembiayaan Ekspor Indonesia.

27. BANK LOANS (continued)

a. Bank Loans (continued)

PT Medco Power Internasional and Subsidiaries

On July 12, 2018, PT Energi Prima Elektrika ("EPE") fully settled the loan from PT Bank Syariah Mandiri.

On August 31, 2018, PT Bio Jatropha Indonesia ("BJI") fully settled the loan from PT Bank Muamalat Indonesia Tbk.

On August 31, 2018, PT Multidaya Prima Elektrindo ("MPE") fully settled the loan from PT Bank Syariah Mandiri.

On August 31, 2018, PT Medco Power Indonesia fully paid the loan from PT Bank DBS Indonesia.

On August 31, 2018, PT Pembangkitan Pusaka Parahiangan ("PPP") fully settled the loan from Syndication of PT Bank Syariah Mandiri and PT Bank Muamalat Indonesia Tbk.

On August 31, 2018, PT Sangsaka Hidro Barat fully settled the loan from Syndication of PT Bank Syariah Mandiri and PT Bank Muamalat Indonesia Tbk.

On September 14, 2018, PT Dalle Energy Batam ("DEB") fully settled the loan from Lembaga Pembiayaan Ekspor Indonesia.

27. PINJAMAN BANK (lanjutan)

b. Fasilitas Bank

Pada tanggal 31 Desember 2018, Grup memiliki Fasilitas Kredit Bank dan Fasilitas Umum Bank yang belum terpakai sebagai berikut:

27. BANK LOANS (continued)

b. Bank Facilities

As of December 31, 2018, the Group has the following Unused Bank Credit Facilities and General Banking Facility:

Bank	**Fasilitas/*Facility***	**Jumlah Fasilitas Maksimum/ *Maximum Facility Amount***	**Fasilitas yang Tidak Dipakai pada Tanggal 31 Desember 2018/ *Unused Portion of the Facility as of December 31, 2018***
Fasilitas Umum Bank/ *General Banking Facility*			
Standard Chartered Bank, Jakarta	Fasilitas Perbankan/ *Banking Facility*	AS$80.000.000/ *US$80,000,000*	AS$23.815.638/ *US$23,815,638*
PT Bank Mandiri (Persero) Tbk	Fasilitas *Non-Cash Loan*/ *Non-Cash Loan Facility*	AS$50.000.000/ *US$50,000,000*	AS$44.182.997/ *US$44,182,997*
PT Bank DBS Indonesia	Fasilitas Perbankan/ *Banking Facility*	AS$50.000.000/ *US$50,000,000*	AS$50.000.000/ *US$50,000,000*
The Hongkong and Shanghai Banking Corporation Ltd	Fasilitas Perbankan Korporasi (*Letter of Credit, Guarantee and Revolving Loan)*/ *Corporate Facility Agreement* (*Letter of Credit, Guarantee and Revolving Loan)*	AS$45.000.000/ *US$45,000,000*	AS$21.726.780 *US$21,726,780*
Pemberi pinjaman sindikasi/ *Syndication loan lender*	Perjanjian Sindikasi/ *Syndication Agreement*	AS$500.000.000/ *US$500,000,000*	AS$17.605.206/ *US$17,605,206*
ING Bank N.V., Cabang Singapura/ *Singapore Branch*	Fasilitas Perbankan/ *Banking Facility*	AS$55.000.000/ *US$55,000,000*	AS$8.754.184/ *US$8,754,184*

28. UTANG JANGKA PANJANG LAINNYA / *28. OTHER LONG-TERM DEBTS*

	2018	2017	2016	
Wesel Jangka Menengah				*Medium Term Notes*
Jatuh tempo pada tahun 2018	-	73.811.633	74.426.913	*Due in 2018*
Jatuh tempo pada tahun 2019	55.000.000	55.000.000	55.000.000	*Due in 2019*
Jatuh tempo pada tahun 2021	67.150.000	-	-	*Due in 2021*
Jumlah	122.150.000	128.811.633	129.426.913	*Total*
Dikurangi diskonto yang belum diamortisasi	(1.193.256)	(1.192.527)	(1.882.050)	*Less unamortized discount*
Neto	**120.956.744**	**127.619.106**	**127.544.863**	***Net***
Dikurangi bagian jangka pendek	54.499.975	73.660.258	-	*Less current portion*
Bagian jangka panjang	**66.456.769**	**53.958.848**	**127.544.863**	***Long-term portion***
Obligasi Rupiah				*Rupiah Bonds*
Jatuh tempo pada tahun 2017	-	-	148.853.826	*Due in 2017*
Jatuh tempo pada tahun 2018	-	129.059.641	111.640.369	*Due in 2018*
Jatuh tempo pada tahun 2019	77.480.837	82.816.652	83.506.996	*Due in 2019*
Jatuh tempo pada tahun 2020	44.851.875	47.940.655	-	*Due in 2020*
Jatuh tempo pada tahun 2021	270.261.032	150.870.977	121.241.441	*Due in 2021*
Jatuh tempo pada tahun 2022	62.564.740	66.873.339	-	*Due in 2022*
Jatuh tempo pada tahun 2023	52.137.283	1.697.668	1.711.819	*Due in 2023*
Jatuh tempo pada tahun 2024	483.392	516.681	-	*Due in 2024*
Jatuh tempo pada tahun 2025	20.785.857	-	-	*Due in 2025*
Jumlah	528.565.016	479.775.613	466.954.451	*Total*
Dikurangi diskonto yang belum diamortisasi	(3.563.605)	(2.120.079)	(1.363.853)	*Less unamortized discount*
Neto	**525.001.411**	**477.655.534**	**465.590.598**	***Net***
Dikurangi bagian jangka pendek	77.378.221	129.006.725	148.700.823	*Less current portion*
Bagian jangka panjang	**447.623.190**	**348.648.809**	**316.889.775**	***Long-term portion***
Obligasi Dolar AS				*US Dollar Bonds*
Jatuh tempo pada tahun 2017	-	-	17.858.811	*Due in 2017*
Jatuh tempo pada tahun 2022	400.000.000	400.000.000	-	*Due in 2022*
Jatuh tempo pada tahun 2025	500.000.000	-	-	*Due in 2025*
Jumlah	900.000.000	400.000.000	17.858.811	*Total*
Dikurangi diskonto yang belum diamortisasi	(32.198.932)	(15.295.166)	(16.918)	*Less unamortized discount*
Neto	**867.801.068**	**384.704.834**	**17.841.893**	***Net***
Dikurangi bagian jangka pendek	-	-	17.841.893	*Less current portion*
Bagian jangka panjang	**867.801.068**	**384.704.834**	**-**	***Long-term portion***

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

	2018	2017	2016	
Obligasi Dolar Singapura				*Singapore Dollar Bonds*
Jatuh tempo pada tahun 2018	-	-	68.916.970	*Due in 2018*
Dikurangi diskonto yang belum diamortisasi	-	-	(582.787)	*Less unamortized discount*
Bagian jangka panjang - neto	**-**	**-**	**68.334.183**	***Long-term portion - net***
Pinjaman dari Instansi Keuangan Non-bank				*Loans from Non-bank Financial Institutions*
PT Indonesia Infrastructure Finance	10.876.320	5.166.814	-	*PT Indonesia Infrastructure Finance*
PT Mandiri Tunas Finance	46.243	59.068	-	*PT Mandiri Tunas Finance*
PT BNI Multifinance	39.481	78.861	-	*PT BNI Multifinance*
PT Sarana Multi Infrastruktur (Persero)	-	23.398.988	-	*PT Sarana Multi Infrastruktur (Persero)*
Jumlah	10.962.044	28.703.731	-	*Total*
Dikurangi diskonto yang belum diamortisasi	-	(183.697)	-	*Less unamortized discount*
Neto	**10.962.044**	**28.520.034**	**-**	***Net***
Dikurangi bagian jangka pendek	54.570	1.205.049	-	*Less current portion*
Bagian jangka panjang	**10.907.474**	**27.314.985**	**-**	***Long-term portion***

Informasi lain mengenai utang jangka panjang lainnya adalah sebagai berikut:

Further information relating to other long-term debts are as follows:

Utang Jangka Panjang/ ***Long-Term Debt***	**Pokok/** ***Principal***	**Peringkat/** ***Rating***	**Terdaftar/** ***Listed***	**Jatuh Tempo/** ***Maturity***	**Kupon per tahun/** ***Coupon per annum***	**Jaminan/** ***Security***
Perusahaan/*The Company*						
Obligasi Berkelanjutan AS$ I/ *US$ Shelf Registered Bonds I*	AS$100.000.000/ *US$100,000,000* Tahap pertama sejumlah AS$50.000.000/ *First phase amounting to US$50,000,000* Tahap kedua sejumlah AS$30.000.000/ *Second phase amounting to US$30,000,000* Tahap ketiga sejumlah AS$20.000.000/ *Third phase amounting to US$20,000,000*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2016)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juli 2016/ *July 2016* Telah dilunasi pada Juli 2016/ *Has been fully repaid in July 2016* November 2016/ *November 2016* Telah dilunasi pada November 2016/ *Has been fully repaid in November 2016* Juli 2017/ *July 2017* Telah dilunasi pada Juli 2017/ *Has been fully repaid in July 2017*	6,05% Terutang setiap kuartal/ *6.05% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Obligasi Rupiah III Tahun 2012/ *Rupiah Bonds III Year 2012*	Rp1.500.000.000.000 dilanjutkan dengan transaksi *swap* menjadi AS$157.894.737/ *Rp1,500,000,000,000 and swapped into US$157,894,737*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2016)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juni 2017/ *June 2017* Telah dilunasi pada Juni 2017/ *Has been fully repaid in June 2017*	8,75% Terutang setiap kuartal/ *8.75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

Utang Jangka Panjang/ ***Long-Term Debt***	**Pokok/** ***Principal***	**Peringkat/** ***Rating***	**Terdaftar/** ***Listed***	**Jatuh Tempo/** ***Maturity***	**Kupon per tahun/** ***Coupon per annum***	**Jaminan/** ***Security***
Perusahaan (lanjutan)/ ***The Company (continued)***						
Obligasi Berkelanjutan Rupiah I Tahap I/ *Rupiah Shelf Registered Bonds I Phase I*	Tahap pertama sejumlah Rp500.000.000.000 dilanjutkan dengan transaksi *swap* menjadi AS$51.813.471/ *First phase amounting to Rp500,000,000,000 and swapped into US$51,813,471*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2017)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Desember 2017/ *December 2017* Telah dilunasi pada Desember 2017/ *Has been fully repaid in December 2017*	8,80% Terutang setiap kuartal/ *8.80% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Obligasi Berkelanjutan Rupiah I Tahap II/ *Rupiah Shelf Registered Bonds I Phase II*	Tahap kedua sejumlah Rp1.500.000.000.000 dilanjutkan dengan transaksi *swap* menjadi AS$153.846.154/ *Second phase amounting to Rp1,500,000,000,000 and swapped into US$153,846,154*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2017)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Maret 2018/ *March 2018* Telah dilunasi pada Maret 2018/ *Has been fully repaid in March 2018*	8,85% Terutang setiap kuartal/ *8.85% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Obligasi Berkelanjutan Rupiah II Tahap I/ *Rupiah Shelf Registered Bonds II Phase I*	Seri A Rp327.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$24.866.920/ *Tranche A Rp327,000,000,000 and swapped into US$24,866,920* Seri B Rp923.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$70.190.114/ *Tranche B Rp923,000,000,000 and swapped into US$70,190,114*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juli 2019/ *July 2019* Juli 2021/ *July 2021*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly* 11,30% Terutang setiap kuartal/ *11.30% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Obligasi Berkelanjutan Rupiah II Tahap II/ *Rupiah Shelf Registered Bonds II Phase II*	Seri A Rp549.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$42.475.822/ *Tranche A Rp549,000,000,000 and swapped into US$42,475,822* Seri B Rp701.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$54.235.977/ *Tranche B Rp701,000,000,000 and swapped into US$54,235,977*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	September 2019/ *September 2019* September 2021/ *September 2021*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly* 11,30% Terutang setiap kuartal/ *11.30% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

Utang Jangka Panjang/ *Long-Term Debt*	Pokok/ *Principal*	Peringkat/ *Rating*	Terdaftar/ *Listed*	Jatuh Tempo/ *Maturity*	Kupon per tahun/ *Coupon per annum*	Jaminan/ *Security*
Perusahaan (lanjutan)/ *The Company (continued)*						
Obligasi Berkelanjutan Rupiah II Tahap III/ *Rupiah Shelf Registered Bonds II Phase III*	Seri A Rp246.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$18.512.944/ *Tranche A Rp246,000,000,000 and swapped into US$18,512,944*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Desember 2019/ *December 2019*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp5.000.000.000/ *Tranche B Rp5,000,000,000*			Desember 2021/ *December 2021*	11,30% Terutang setiap kuartal/ *11.30% Payable quarterly*	
	Seri C Rp23.000.000.000/ *Tranche C Rp23,000,000,000*			Desember 2023/ *December 2023*	11,80% Terutang setiap kuartal/ *11.80% Payable quarterly*	
Obligasi Berkelanjutan Rupiah II Tahap IV/ *Rupiah Shelf Registered Bonds II Phase IV*	Seri A Rp380.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$28.539.241/ *Tranche A Rp380,000,000,000 and swapped into US$28,539,241*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Maret 2020/ *March 2020*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp1.000.000.000/ *Tranche B Rp1,000,000,000*			Maret 2022/ *March 2022*	11,30% Terutang setiap kuartal/ *11.30% Payable quarterly*	
	Seri C Rp7.000.000.000/ *Tranche C Rp7,000,000,000*			Maret 2024/ *March 2024*	11,80% Terutang setiap kuartal/ *11.80% Payable quarterly*	
Obligasi Berkelanjutan Rupiah II Tahap V/ *Rupiah Shelf Registered Bonds II Phase V*	Seri A Rp248.500.000.000 dilanjutkan dengan transaksi swap menjadi AS$18.698.269/ *Tranche A Rp248,500,000,000 and swapped into US$18,698,269*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juni 2018/ *June 2018* Telah dilunasi pada Juni 2018/ *Has been fully repaid in June 2018*	8,75% Terutang setiap kuartal/ *8.75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp269.500.000.000 dilanjutkan dengan transaksi swap menjadi AS$20.278.405/ *Tranche B Rp269,500,000,000 and swapped into US$20,278,405*			Juni 2020/ *June 2020*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly*	
	Seri C Rp753.500.000.000 dilanjutkan dengan transaksi swap menjadi AS$56.696.764/ *Tranche C Rp753,500,000,000 and swapped into US$56,696,764*			Juni 2022/ *June 2022*	11,30% Terutang setiap kuartal/ *11.30% Payable quarterly*	

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

Utang Jangka Panjang/ ***Long-Term Debt***	**Pokok/** ***Principal***	**Peringkat/** ***Rating***	**Terdaftar/** ***Listed***	**Jatuh Tempo/** ***Maturity***	**Kupon per tahun/** ***Coupon per annum***	**Jaminan/** ***Security***
Perusahaan (lanjutan)/ ***The Company (continued)***						
Obligasi Berkelanjutan Rupiah II Tahap VI/ *Rupiah Shelf Registered Bonds II Phase VI*	Seri A Rp415.000.000.000 dilanjutkan dengan transaksi swap menjadi AS$31.109.445/ *Tranche A Rp415,000,000,000 and swapped into US$31,109,445*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Maret 2021/ *March 2021*	10,30% Terutang setiap kuartal/ *10.30% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp151.500.000.000 dilanjutkan dengan transaksi swap menjadi AS$11.356.822/ *Tranche B Rp151,500,000,000 and swapped into US$11,356,822*			September 2022/ *September 2022*	10,80% Terutang setiap kuartal/ *10.80% Payable quarterly*	
Obligasi Berkelanjutan Rupiah III Tahap I/ *Rupiah Shelf Registered Bonds III Phase I*	Seri A Rp282.500.000.000/ dilanjutkan dengan transaksi swap menjadi AS$20.537.986/ *Tranche A Rp282,500,000,000 and swapped into US$20,537,986*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Maret 2021/ *March 2021*	8,75% Terutang setiap kuartal/ *8.75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp217.500.000.000/ dilanjutkan dengan transaksi swap menjadi AS$15.812.432/ *Tranche B Rp217,500,000,000 and swapped into US$15,812,432*			Maret 2023/ *March 2023*	9,15% Terutang setiap kuartal/ *9.15% Payable quarterly*	
Obligasi Berkelanjutan Rupiah III Tahap II/ *Rupiah Shelf Registered Bonds III Phase II*	Seri A Rp1.155.150.000.000/ dilanjutkan dengan transaksi swap menjadi AS$77.329.629/ *Tranche A Rp1,155,150,000,000 and swapped into US$*77.329.629	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	September 2021/ *September 2021*	10,0% Terutang setiap kuartal/ *10.0% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp47.500.000.000/ dilanjutkan dengan transaksi swap menjadi AS$3.179.810/ *Tranche B Rp47,500,000,000 and swapped into US$*3,179,810			September 2023/ *September 2023*	10,75% Terutang setiap kuartal/ *10.75% Payable quarterly*	
Wesel Jangka Menengah IV/ *Medium Term Note IV*	Rp1.000.000.000.000 dilanjutkan dengan transaksi *swap* menjadi AS$81.833.061/ *Rp1,000,000,000,000 and swapped into US$81,833,061*	*Non-rated*	-	Oktober 2018/ *October 2018* Telah dilunasi pada Oktober 2018/ *Has been fully repaid in October 2018*	11,2% Terutang setiap kuartal/ *11.2% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Wesel Jangka Menengah V/ *Medium Term Note V*	AS$55.000.000/ *US$55,000,000*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	-	November 2019/ *November 2019*	5,2% Terutang setiap kuartal/ *5.2% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Wesel Jangka Menengah VI/ *Medium Term Note VI*	AS$67.150.000/ *US$67,150,000*	PT Pemeringkat Efek Indonesia (PEFINDO) : A+ (2018)	-	Oktober 2021/ *October 2021*	5,75% Terutang setiap kuartal/ *5.75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

Utang Jangka Panjang/ ***Long-Term Debt***	**Pokok/** ***Principal***	**Peringkat/** ***Rating***	**Terdaftar/** ***Listed***	**Jatuh Tempo/** ***Maturity***	**Kupon per tahun/** ***Coupon per annum***	**Jaminan/** ***Security***
Medco Power Indonesia						
Obligasi Rupiah I/ *Rupiah Shelf Registered Bonds I*	Seri A Rp279.000.000.000/ *Tranche A Rp279,000,000,000*	PT Pemeringkat Efek Indonesia (PEFINDO) : A (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juli 2021/ *July 2021*	9,75% Terutang setiap kuartal/ *9.75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp63.000.000.000/ *Tranche B Rp63,000,000,000*			Juli 2023/ *July 2023*	10,25% Terutang setiap kuartal/ *10.25% Payable quarterly*	
	Seri C Rp258.000.000.000/ *Tranche C Rp258,000,000,000*			Juli 2025/ *July 2025*	10,75% Terutang setiap kuartal/ *10.75% Payable quarterly*	
Sukuk Wakalah Rupiah I/ *Rupiah Sukuk Wakalah I*	Seri A Rp153.000.000.000/ *Tranche A Rp153,000,000,000*	PT Pemeringkat Efek Indonesia (PEFINDO) : A (2018)	Bursa Efek Indonesia/ *Indonesia Stock Exchange*	Juli 2021/ *July 2021*	9,75% Terutang setiap kuartal/ *9,75% Payable quarterly*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
	Seri B Rp404.000.000.000/ *Tranche B Rp404,000,000,000*			Juli 2023/ *July 2023*	10,25% Terutang setiap kuartal/ *10.25% Payable quarterly*	
	Seri C Rp43.000.000.000/ *Tranche C Rp43,000,000,000*			Juli 2025/ *July 2025*	10,75% Terutang setiap kuartal/ *10.75% Payable quarterly*	
Medco Energi Global Pte Ltd						
Obligasi Dolar Singapura/ *Singapore Dollar Bonds*	S$100.000.000 dilanjutkan dengan transaksi swap menjadi AS$74.906.367/ *S$100,000,000 and swapped into US$74,906,367*	*Non-rated*	Singapore Exchange Trading Limited	Mei 2018/ *May 2018* Telah dilunasi pada Agustus 2017/ *Has been fully repaid in August 2017*	5,90% Terutang setiap setengah tahun/ *5.90% Payable semi-annually*	Obligasi ini tidak dijamin dengan agunan khusus/ *These bonds are unsecured.*
Medco Strait Services Pte Ltd						
Obligasi Dolar AS/ *US Dollar Bonds*	AS$400.000.000/ *US$400,000,000*	Moody's Investor Service : B2 (2017) Fitch Ratings : B (2017) Standard & Poor's Rating Services : B (2017)	Singapore Exchange Trading Limited	Agustus 2022/ *August 2022*	8,50% Terutang setiap setengah tahun/ *8.50% Payable semi-annually*	Obligasi ini tidak dijamin tanpa syarat oleh Perusahaan dan entitas anak tertentu/ *These bonds are unconditionally guaranteed by the Company and certain subsidiaries.*
Medco Platinum Road Pte Ltd						
Obligasi Dolar AS/ *US Dollar Bonds*	AS$500.000.000/ *US$500,000,000*	Moody's Investor Service : B2 (2018) Fitch Ratings : B (2018) Standard & Poor's Rating Services : B (2018)	Singapore Exchange Trading Limited	Januari 2025/ *January 2025*	6,75% Terutang setiap setengah tahun/ *6.75% Payable semi-annually*	Obligasi ini tidak dijamin tanpa syarat oleh Perusahaan dan entitas anak tertentu/ *These bonds are unconditionally guaranteed by the Company and certain subsidiaries.*

28. UTANG JANGKA PANJANG LAINNYA (lanjutan) / *28. OTHER LONG-TERM DEBTS (continued)*

Kreditur/*Lenders*	Tanggal efektif pinjaman/ *Loan effectivity date*	Jadwal pelunasan/ *Repayment schedule*	Jaminan/*Security*
Perusahaan/*The Company*			
PT Indonesia Infrastructure Finance ("IIF") Fasilitas Kredit / *Credit Facility*	April 2017/ *April 2017*	April 2020/ *April 2020*	Fasilitas ini tidak dijamin dengan agunan khusus/ *This facility is unsecured.*
PT Mitra Energi Batam ("MEB")			
PT Sarana Multi Infrastruktur (Persero) ("SMI") Fasilitas Kredit Investasi/ *Investment Credit Facility*	Januari 2015/ *January 2015*	Januari 2027/ *January 2027* Fasilitas ini telah dilunasi seluruhnya pada September 2018/ *This Facility has been fully repaid in September 2018*	Fasilitas ini dijamin dengan aset tetap sewa guna usaha, hak atas piutang Proyek GTG, saham MEB, hak atas asuransi proyek, dan semua rekening bank yang menjadi jaminan yang terkait dengan proyek tersebut/ *This facility is collateralized by MEB's property, plant and equipment under an arrangement containing a lease, rights over receivables on the GTG Project, shares of MEB, rights over project insurance, and all secured bank accounts related to the project.*
PT Tanjung Jati B Power Services			
PT Mandiri Tunas Finance Fasilitas Kredit Pembiayaan Konsumen/ *Consumer Credit Facility*	Oktober 2015/ *October 2015*	Agustus 2019/ *August 2019*	Fasilitas ini dijamin dengan kendaraan yang diperoleh/ *This facility is collateralized by acquired vehicles.*
PT BNI Multifinance Fasilitas Kredit Pembiayaan Konsumen/ *Consumer Credit Facility*	Maret 2017/ *March 2017*	Maret 2020/ *March 2020*	Fasilitas ini dijamin dengan kendaraan yang diperoleh/ *This facility is collateralized by acquired vehicles.*

Berdasarkan syarat-syarat dan kondisi-kondisi dari perjanjian sehubungan dengan kewajiban jangka panjang tersebut, Grup harus mematuhi pembatasan tertentu, antara lain memperoleh persetujuan dari pemberi pinjaman/wali amanat yang ditunjuk sebelum melakukan tindakan-tindakan seperti: merger atau akuisisi, mengurangi modal dasar, diterbitkan dan disetor penuh dari modal saham Perusahaan, mengubah bisnis utama Perusahaan; pembatasan atas pemberian pinjaman kepada pihak ketiga, menjaminkan dan mengalihkan aset Perusahaan, menerbitkan obligasi senior, mengajukan permintaan bangkrut atau penundaan pembayaran pinjaman sebelum pembayaran pokok dan bunga obligasi, mengumumkan dan membayar dividen melebihi persentase tertentu dari laba neto konsolidasian dan harus memenuhi rasio keuangan tertentu.

Under the terms and conditions of these long-term obligations, the Group is subject to various covenants, among others, obtaining approval from the lenders/designated trustees prior to undertaking certain actions such as: mergers or acquisitions, reducing the authorized, issued and fully paid capital stock of the Company, changing the main business activities of the Company; restrictions on granting loans to third parties, pledging and transferring the Company's assets, issuing senior debt, filing for bankruptcy or delaying loan payments prior to the payment of bond interest and principal and declaring and paying dividends in excess of a certain percentage of consolidated net income and requirement to comply with certain financial ratios.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

a. Pembatasan-pembatasan atas Pinjaman

Pada tanggal 31 Desember 2018, 2017 dan 2016, manajemen berpendapat, bahwa Grup mematuhi pembatasan atas semua liabilitas jangka panjang.

Manajemen menyatakan bahwa selama periode pelaporan dan pada tanggal penyelesaian laporan keuangan konsolidasian, Grup tidak pernah mengalami kondisi gagal bayar atas obligasi yang telah jatuh tempo.

Pada tanggal 31 Desember 2018, 2017 dan 2016, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian.

b. Wali Amanat

Grup telah menunjuk Wali Amanat sebagai perantara antara Grup dengan Pemegang Obligasi. Adapun Wali Amanat untuk Obligasi Berkelanjutan AS$ I, Obligasi Rupiah III Tahun 2012, Obligasi Berkelanjutan Rupiah I Tahap I dan II, Obligasi Berkelanjutan Rupiah II Tahap I, II, III, IV, V dan VI dan Obligasi Berkelanjutan Rupiah III Tahap I adalah PT Bank Mega Tbk, untuk Obligasi Berkelanjutan Rupiah III Tahap II adalah PT Bank Rakyat Indonesia (Persero) Tbk. Grup juga telah menunjuk Bank of New York Mellon Corporation sebagai Wali Amanat untuk Program *Multicurrency Medium Term Notes* (MTN) dan Obligasi Dolar AS. Adapun untuk Obligasi Rupiah I dan Sukuk Wakalah Rupiah I PT Medco Power Indonesia, Grup telah menunjuk PT Bank Mega Tbk sebagai Wali Amanat.

c. Lain-lain

Pada tanggal 12 Februari 2016, Perusahaan melakukan pembelian kembali atas Obligasi Berkelanjutan Dolar AS Medco Energi Internasional Tahap I tahun 2011 sebesar AS$1.626.000 dan Penawaran Umum Berkelanjutan (PUB) Dolar AS Tahap III tahun 2012 sebesar AS$925.189.

28. OTHER LONG-TERM DEBTS (continued)

a. Debt Covenants

As of December 31, 2018, 2017 and 2016, in management's opinion, the Group is in compliance with the covenants of all long-term obligations.

Management represented that during the reporting periods and as of the completion date of the consolidated financial statements, the Group has never defaulted on paying its maturing bonds.

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

b. Trustees

The Group engaged Trustees to act as the intermediaries between the Group and the Bondholders. The Trustee for Shelf Registered US$ Bonds I, Rupiah Bonds III Year 2012, Shelf Registered Rupiah Bonds I Phase I and II, Shelf Registered Rupiah Bonds II Phase I, II, III, IV, V and VI and Shelf Registered Rupiah Bonds III Phase I is PT Bank Mega Tbk, for Shelf Registered Rupiah Bonds III Phase II is PT Bank Rakyat Indonesia (Persero) Tbk. The Group has also appointed Bank of New York Mellon Corporation to act as Trustee for its Multicurrency Medium Term Notes (MTN) Programme and US Dollar Bonds. For Shelf Registered Rupiah Bonds I and Rupiah Sukuk Wakalah I PT Medco Power Indonesia, the Group appointed PT Bank Mega Tbk to act as Trustee.

c. Others

On February 12, 2016, the Company boughtback its Shelf Registered US Dollar Medco Energi Internasional Phase I Year 2011 amounting to US$1,626,000 and Shelf Registered Bond (PUB) US Dollar Phase III year 2012 amounting to US$925,189.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Pada tanggal 15 Juli 2016, Perusahaan menerbitkan Obligasi Berkelanjutan Rupiah II Tahun 2016 dengan jumlah maksimal sebesar Rp5.000.000.000.000 ("PUB II") dengan penerbitan tahap I sebesar Rp1.250.000.000.000 ("PUB II Tahap I") yang dibagi dalam dua seri yaitu:

- Seri A sebesar Rp327.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp923.000.000.000 dengan tenor 5 tahun.

Dana hasil emisi PUB II Tahap I ini digunakan untuk pendanaan ulang dan belanja modal.

Pada tanggal 30 September 2016, Perusahaan menerbitkan PUB II dengan penerbitan tahap II sebesar Rp1.250.000.000.000 ("PUB II Tahap II") yang dibagi dalam dua seri yaitu:

- Seri A sebesar Rp549.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp701.000.000.000 dengan tenor 5 tahun.

Dana hasil emisi PUB II Tahap II ini digunakan untuk pendanaan ulang dan belanja modal.

Pada tanggal 21 Desember 2016, Perusahaan menerbitkan PUB II dengan penerbitan tahap III sebesar Rp274.000.000.000 ("PUB II Tahap III") yang dibagi dalam tiga seri yaitu:

- Seri A sebesar Rp246.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp5.000.000.000 dengan tenor 5 tahun;
- Seri C sebesar Rp23.000.000.000 dengan tenor 7 tahun.

Dana hasil emisi PUB II Tahap III ini digunakan untuk pendanaan ulang dan belanja modal.

Pada tanggal 30 Maret 2017, Perusahaan menerbitkan PUB II dengan penerbitan tahap IV sebesar Rp388.000.000.000 ("PUB II Tahap IV") yang dibagi dalam tiga seri yaitu:

- Seri A sebesar Rp380.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp1.000.000.000 dengan tenor 5 tahun;
- Seri C sebesar Rp7.000.000.000 dengan tenor 7 tahun.

Dana hasil emisi PUB II Tahap IV ini digunakan untuk pendanaan ulang dan belanja modal.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

On July 15, 2016, the Company has issued Shelf Registered Rupiah Bond II Year 2016 with maximum amount of Rp5,000,000,000,000 ("PUB II") with issuance of the first phase amounting to Rp1,250,000,000,000 ("PUB II Phase I") which consists of two tranches:

- *Tranche A amounting to Rp327,000,000,000 with 3 year tenor;*
- *Tranche B amounting to Rp923,000,000,000 with 5 year tenor.*

Proceeds from the issuance of the PUB II Phase I were used for refinancing and capital expenditures.

On September 30, 2016, the Company has issued PUB II with issuance of the second phase amounting to Rp1,250,000,000,000 ("PUB II Phase II") which consists of two tranches:

- *Tranche A amounting to Rp549,000,000,000 with 3 year tenor;*
- *Tranche B amounting to Rp701,000,000,000 with 5 year tenor.*

Proceeds from the issuance of the PUB II Phase II were used for refinancing and capital expenditures.

On December 21, 2016, the Company has issued PUB II with issuance of the third phase amounting to Rp274,000,000,000 ("PUB II Phase III") which consists of three tranches:

- *Tranche A amounting to Rp246,000,000,000 with 3 year tenor;*
- *Tranche B amounting to Rp5,000,000,000 with 5 year tenor;*
- *Tranche C amounting to Rp23,000,000,000 with 7 year tenor.*

Proceeds from the issuance of the PUB II Phase III were used for refinancing and capital expenditures.

On March 30, 2017, the Company issued PUB II with issuance of the fourth phase amounting to Rp388,000,000,000 ("PUB II Phase IV") which consists of three tranches:

- *Tranche A amounting to Rp380,000,000,000 with 3-year tenor;*
- *Tranche B amounting to Rp1,000,000,000 with 5-year tenor;*
- *Tranche C amounting to Rp7,000,000,000 with 7-year tenor.*

Proceeds from the issuance of the PUB II Phase IV were used for refinancing and capital expenditures.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Pada tanggal 10 April 2017, Perusahaan menandatangani perjanjian Fasilitas Pinjaman Berjangka dengan PT Indonesia Infrastructure Finance dengan jumlah fasilitas sampai dengan Rp157.500.000.000 dengan tenor 3 tahun. Pada tanggal 12 April 2017, Perusahaan telah melakukan penarikan pertama sebesar Rp70.000.000.000. Fasilitas ini akan jatuh tempo pada bulan April 2020 dan tidak dijamin dengan agunan khusus.

Pada tanggal 14 Juni 2017, Perusahaan menerbitkan PUB II dengan penerbitan tahap V sebesar Rp1.271.500.000.000 ("PUB II Tahap V") yang dibagi dalam tiga seri yaitu:

- Seri A sebesar Rp248.500.000.000 dengan tenor 1 tahun;
- Seri B sebesar Rp269.500.000.000 dengan tenor 3 tahun;
- Seri C sebesar Rp753.500.000.000 dengan tenor 5 tahun.

Dana hasil emisi PUB II Tahap V ini digunakan untuk pendanaan ulang dan belanja modal.

Pada tanggal 19 Juni 2017, Perusahaan telah melunasi Obligasi Rupiah III Tahun 2012 sebesar Rp1.500.000.000.000.

Pada tanggal 30 Juli 2017, Perusahaan telah melunasi Obligasi Berkelanjutan AS$ I Tahap III sebesar AS$20.000.000.

Pada tanggal 17 Agustus 2017, Medco Strait Services Pte Ltd, entitas anak yang dimiliki sepenuhnya, menerbitkan *senior notes* sebesar AS$300 juta yang akan jatuh tempo pada tahun 2022 serta *re-tap* sebesar AS$100 juta pada tanggal 22 Agustus 2017 (kedua *senior notes* ini dikonsolidasi dan menjadi satu kesatuan), dengan kupon sebesar 8,5% per tahun, yang tidak dapat dibatalkan dan dijamin tanpa syarat oleh Perusahaan dan entitas anak tertentu.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

On April 10, 2017, the Company signed a Term Credit Facility agreement with PT Indonesia Infrastructure Finance amounting to Rp157,500,000,000 with a 3-year tenor. On April 12, 2017, the Company has made the first drawdown amounting to Rp70,000,000,000. This facility will be due in April 2020 and is unsecured.

On June 14, 2017, the Company issued PUB II with issuance of the fifth phase amounting to Rp1,271,500,000,000 ("PUB II Phase V") which consists of three tranches:

- *Tranche A amounting to Rp248,500,000,000 with 1-year tenor;*
- *Tranche B amounting to Rp269,500,000,000 with 3-year tenor;*
- *Tranche C amounting to Rp753,500,000,000 with 5-year tenor.*

Use of proceeds from the issuance of the PUB II Phase V is for refinancing and capital expenditures.

On June 19, 2017, the Company has paid its Rupiah Bonds III Year 2012 amounting to Rp1,500,000,000,000.

On July 30, 2017, the Company has fully repaid its US$ Shelf Registered Bonds I Phase III amounting to US$20,000,000.

On August 17, 2017, Medco Strait Services Pte Ltd, a wholly owned subsidiary, issued a US$300 million senior notes due 2022 with re-tap for additional US$100 million on August 22, 2017 (both senior notes are consolidated and formed a single class), with coupon rate of 8.5% per annum, which are irrevocably and unconditionally guaranteed by the Company and certain subsidiaries.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Senior notes ini akan jatuh tempo pada tanggal 17 Agustus 2022 dan bunganya akan mulai dicatat dari tanggal 17 Agustus 2017 dan terutang setiap tengah tahun mulai tanggal 17 Februari 2018. *Senior notes* ini terdaftar pada Singapore Exchange Securities Trading Limited dan dana hasil penerbitan *senior notes* ini akan digunakan untuk pelunasan seluruh fasilitas kredit MNPL yang diperoleh dari PT Bank Mandiri (Persero) Tbk dan obligasi Rupiah dan obligasi Dolar Singapura Grup.

Pada tanggal 23 Agustus 2017, Medco Energi Global Pte Ltd ("MEG"), entitas anak yang dimiliki sepenuhnya, melakukan pembatalan dan pelunasan dipercepat atas obligasi Dolar Singapura sebesar S$94.250.000 dan sisanya sebesar S$5.750.000 dilunasi pada Agustus 2017. MEG juga telah membatalkan seluruh transaksi *swap* yang terkait dengan obligasi ini.

Pada tanggal 28 September 2017, Perusahaan menerbitkan PUB II dengan penerbitan tahap VI sebesar Rp566.500.000.000 ("PUB II Tahap VI") yang dibagi dalam dua seri yaitu:

- Seri A sebesar Rp415.000.000.000 dengan jangka waktu 42 bulan;
- Seri B sebesar Rp151.500.000.000 dengan jangka waktu 60 bulan.

Dana hasil emisi PUB II Tahap VI ini digunakan untuk belanja modal. Perusahaan juga telah melakukan transaksi "Pertukaran Mata Uang Silang" ("*Cross Currency Swap*") dengan tujuan mengubah kewajiban Rupiah menjadi Dolar AS di mana Perusahaan akan membayarkan suku bunga tetap dalam Dolar AS dan menerima suku bunga tetap dalam Rupiah.

Pada tanggal 19 Desember 2017, Perusahaan telah melunasi Obligasi Berkelanjutan Rupiah I Tahap I sebesar Rp500.000.000.000.

Pada tanggal 30 Januari 2018, Medco Platinum Road Pte Ltd, entitas anak yang dimiliki sepenuhnya oleh MSS, menerbitkan *senior notes* sebesar AS$500 juta yang akan jatuh tempo pada tahun 2025, dengan kupon sebesar 6,75% per tahun, yang dijamin tanpa syarat dan tidak dapat dibatalkan oleh Perusahaan dan entitas anak tertentu.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

The senior notes will mature on August 17, 2022 and the interest will accrue from August 17, 2017 and payable semi-annually in arrears commencing on February 17, 2018. The senior notes are listed on the Singapore Exchange Securities Trading Limited, and its proceeds were used for repayment of all credit facilities of MNPL from PT Bank Mandiri (Persero) Tbk and the Group's Rupiah bonds and Singapore Dollar bonds.

On August 23, 2017, Medco Energi Global Pte Ltd ("MEG"), a wholly-owned subsidiary, has cancelled and accelerated its prepayment of its Singapore Dollar bonds amounting to S$94,250,000 and the remaining S$5,750,000 was fully paid on August 2017. MEG has also terminated all the swap transactions related to these bonds.

On September 28, 2017, the Company has issued PUB II with issuance of the sixth phase amounting to Rp566,500,000,000 ("PUB II Phase VI") which consists of two tranches:

- *Tranche A amounting to Rp415,000,000,000 with 42-month tenor;*
- *Tranche B amounting to Rp151,500,000,000 with 60-month tenor.*

The proceeds from the issuance of the PUB II Phase VI were used for capital expenditures. The Company has entered into Cross Currency Swap in order to swap the Rupiah liabilities to US Dollar in which the Company will pay fixed US Dollar interest rate and receive fixed Rupiah interest rate.

On December 19, 2017, the Company has fully repaid Rupiah Shelf Registered Bonds I Phase I amounting to Rp500,000,000,000.

On January 30, 2018, Medco Platinum Road Pte Ltd, a wholly-owned subsidiary of MSS, issued a US$500 million senior notes due in 2025, with coupon rate of 6.75% per annum, which are unconditionally and irrevocably guaranteed by the Company and certain subsidiaries.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Senior notes ini akan jatuh tempo pada tanggal 30 Januari 2025 dan bunganya akan mulai dicatat dari tanggal 30 Januari 2018 dan terutang setiap tengah tahun mulai tanggal 30 Juli 2018. *Senior notes* ini terdaftar pada Singapore Exchange Securities Trading Limited dan dana hasil penerbitan *senior notes* ini telah digunakan untuk pelunasan seluruh pinjaman ke PT Bank Mandiri (Persero) Tbk untuk fasilitas kredit PTK IV dan V, sebagian pinjaman ke PT Bank Mandiri (Persero) Tbk untuk fasilitas kredit PTK VI dan PUB I Tahap II. Dana hasil penerbitan *senior notes* ini juga akan digunakan untuk melunasi utang obligasi PUB II tahap I Seri A, PUB II tahap II Seri A, dan PUB II tahap III Seri A dan MTN V.

Pada tanggal 14 Maret 2018, Perusahaan melakukan pelunasan PUB Tahap II kepada PT Kustodian Sentral Efek Indonesia sebesar Rp1.500.000.000.000.

Pada tanggal 29 Maret 2018, Perusahaan menerbitkan Obligasi Berkelanjutan Rupiah III Tahun 2018 dengan jumlah maksimal sebesar Rp5.000.000.000.000 ("PUB III") dengan penerbitan tahap I sebesar Rp 500.000.000.000 ("PUB III Tahap I") yang dibagi dalam dua seri yaitu:

- Seri A sebesar Rp282.500.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp217.500.000.000 dengan tenor 5 tahun.

Dana hasil emisi PUB III Tahap I ini telah digunakan untuk pelunasan sebagian fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk dan PTK VIII dari PT Bank Mandiri (Persero) Tbk.

Pada tanggal 30 April 2018 dan 4 Juni 2018, Perusahaan menandatangani Perjanjian Amandemen II dan III dengan PT Indonesia Infrastructure Finance (IIF). Perusahaan melakukan penarikan kedua sebesar Rp40.000.000.000 pada tanggal 4 Mei 2018 dan penarikan ketiga sebesar Rp47.500.000.000 pada tanggal 22 Juni 2018.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

The senior notes will mature on January 30, 2025, and interest will accrue from January 30, 2018 payable semi-annually in arrears commencing on July 30, 2018. The senior notes are listed on the Singapore Exchange Securities Trading Limited, and its proceeds were used for fully repayment of loan to PT Bank Mandiri (Persero) Tbk PTK IV and V, partial repayment of loan to PT Bank Mandiri (Persero) Tbk PTK VI and PUB I Phase II. Its proceeds also will be used for repayment of bonds payable of PUB II phase I Tranche A, PUB II phase II Tranche A, and PUB II phase III Tranche A and MTN V.

On March 14, 2018, the Company has paid PUB Phase II to PT Kustodian Sentral Efek Indonesia amounting to Rp1,500,000,000,000.

On March 29, 2018, the Company has issued Shelf Registered Rupiah Bond III Year 2018 with maximum amount of Rp5,000,000,000,000 ("PUB III") with issuance of the first phase amounting to Rp500,000,000,000 ("PUB III Phase I") which consists of two tranches:

- *Tranche A amounting to Rp282,500,000,000 with 3-year tenor;*
- *Tranche B amounting to Rp217,500,000,000 with 5-year tenor.*

The proceeds from the issuance of the PUB III Phase I were used for partial repayment credit facilities of PT Bank Negara Indonesia (Persero) Tbk and PTK VIII from PT Bank Mandiri (Persero) Tbk.

On April 30, 2018 and June 4, 2018, the Company signed Amandment Agreement II and III with PT Indonesia Infrastructure Finance (IIF). The Company has made second drawdown amounting to Rp40,000,000,000 on May 4, 2018 and third drawdown of Rp47,500,000,000 on June 22, 2018.

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Pada tanggal 24 Juni 2018, Perusahaan telah melunasi Obligasi Berkelanjutan Rupiah II Tahap V Seri A sebesar Rp248.500.000.000.

Pada tanggal 4 Juli 2018, PT Medco Power Indonesia ("MPI") menerbitkan Obligasi Rupiah I dan Sukuk Wakalah I Tahun 2018 dengan penerbitan sebesar Rp1.200.000.000.000, yang masing-masing dibagi dalam tiga seri yaitu:

Obligasi Rupiah I:
- Seri A sebesar Rp279.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp63.000.000.000 dengan tenor 5 tahun;
- Seri C sebesar Rp258.000.000.000 dengan tenor 7 tahun;

Sukuk Wakalah Rupiah I:
- Seri A sebesar Rp153.000.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp404.000.000.000 dengan tenor 5 tahun;
- Seri C sebesar Rp43.000.000.000 dengan tenor 7 tahun;

Dana hasil emisi Obligasi Rupiah I dan Sukuk Wakalah Rupiah I ini digunakan untuk pelunasan seluruh fasilitas kredit dari PT Bank Muamalat Indonesia Tbk, Sindikasi PT Bank Syariah Mandiri dan PT Bank Muamalat Indonesia Tbk, Lembaga Pembiayaan Ekspor Indonesia dan PT Sarana Multi Infrastruktur serta akan digunakan untuk belanja modal.

Pada tanggal 14 September 2018, PT Mitra Energi Batam ("MEB") telah melunasi seluruh pinjaman dari PT Sarana Multi Infrastruktur (Persero).

Pada tanggal 28 September 2018, Perusahaan menerbitkan PUB III dengan penerbitan tahap II sebesar Rp1.202.650.000.000 ("PUB III Tahap II") yang dibagi dalam dua seri yaitu:

- Seri A sebesar Rp1.155.150.000.000 dengan tenor 3 tahun;
- Seri B sebesar Rp47.500.000.000 dengan tenor 5 tahun.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

On June 24, 2018, the Company has fully repaid Rupiah Shelf Registered Bonds II Phase V Tranche A amounting to Rp248,500,000,000.

On July 4, 2018, PT Medco Power Indonesia ("MPI") has issued Rupiah Bond I and Sukuk Wakalah I Year 2018 with issuance amounting to Rp1,200,000,000,000, each consists of three tranches as follows:

Rupiah Bond I:
- *Tranche A amounting to Rp279,000,000,000 with 3-year tenor;*
- *Tranche B amounting to Rp63,000,000,000 with 5-year tenor;*
- *Tranche C amounting to Rp258,000,000,000 with 7-year tenor;*

Sukuk Wakalah Rupiah I:
- *Tranche A amounting to Rp153,000,000,000 with 3-year tenor;*
- *Tranche B amounting to Rp404,000,000,000 with 5-year tenor;*
- *Tranche C amounting to Rp43,000,000,000 with 7-year tenor;*

The proceeds from the issuance of the Rupiah Bond I and Sukuk Wakalah I were used for repayment of all credit facilities from PT Bank Muamalat Indonesia Tbk, Sindikasi PT Bank Syariah Mandiri and PT Bank Muamalat Indonesia Tbk, Lembaga Pembiayaan Ekspor Indonesia and PT Sarana Multi Infrastruktur also and the used for capital expenditures.

On September 14, 2018, PT Mitra Energi Batam ("MEB") fully settled the loan from PT Sarana Multi Infrastruktur (Persero).

On September 28, 2018, the Company has issued PUB III issuance of the second phase amounting to Rp1,202,650,000,000 ("PUB III Phase II") which consists of two tranches:

- *Tranche A amounts to Rp 1,155,150,000,000 with 3-year tenor;*
- *Tranche B amounts to Rp47,500,000,000 with 5-year tenor.*

28. UTANG JANGKA PANJANG LAINNYA (lanjutan)

c. Lain-lain (lanjutan)

Dana hasil emisi PUB III Tahap II ini telah digunakan untuk pelunasan seluruh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk dan pelunasan sebagian fasilitas kredit PTK VIII dari PT Bank Mandiri (Persero) Tbk.

Pada tanggal 5 Oktober 2018, Perusahaan menerbitkan Wesel Jangka Menengah VI sebesar AS$67.150.000 dengan tenor 3 tahun sejak tanggal penerbitan. Dana hasil emisi Wesel Jangka menengah VI ini telah digunakan untuk pelunasan seluruh utang Wesel Jangka Menengah IV.

Pada tanggal 8 Oktober 2018, Perusahaan telah melunasi MTN IV sebesar Rp1.000.000.000.000. Secara bersamaan, transaksi *swap* atas nilai tukar ("CCS") untuk MTN IV telah diakhiri.

28. OTHER LONG-TERM DEBTS (continued)

c. Others (continued)

The proceeds from the issuance of the PUB III Phase II were used for full repayment of credit facility from PT Bank Negara Indonesia (Persero) Tbk and partial repayment of PTK VIII credit facility from PT Bank Mandiri (Persero) Tbk.

On October 5, 2018, the Company issued Medium Term Notes VI amounting to US$67,150,000 with tenor of 3 years since the issuance date. The proceeds from the issuance of Medium Term Notes VI will be used for full repayment of Medium Term Notes IV.

On October 8, 2018, the Company has fully repaid MTN IV amounting to Rp1,000,000,000,000. Concurrently, the Cross Currency Swap Transaction ("CCS") for the MTN IV has been terminated.

29. KEPENTINGAN NONPENGENDALI

Akun ini terdiri dari:

29. NON-CONTROLLING INTERESTS

This account consists of:

	2018						
	Kepentingan Nonpengendali pada Awal Tahun/ *Non-controlling Interests at Beginning of Year*	Setoran Modal/ *Capital Contribution*	Bagian atas Jumlah Penghasilan/ (Rugi) Komprehensif pada Tahun Berjalan/ *Share in Total Comprehensive Income (Loss) of the Current Year*	Pembagian Dividen/ *Dividend Distribution*	Dampak divestasi entitas anak/ *Effect from divestment of Subsidiary*	Kepentingan Nonpengendali pada Akhir Tahun/ *Non-controlling Interests at End of Year*	
PT Medco Geopower Sarulla (MGeoPS)	83.253.890	4.848.880	14.069.853	-	-	102.172.623	*PT Medco Geopower Sarulla (MGeoPS)*
PT Medco Power Internasional (sebelumnya PT Saratoga Power)	31.721.085	-	-	-	-	31.721.085	*PT Medco Power Internasional (formerly PT Saratoga Power)*
PT Dalle Energy Batam	9.907.689	-	269.878	(42.836)	-	10.134.731	*PT Dalle Energy Batam*
PT Medco Energi Menamas	8.907.764	-	1.462.782	(497.376)	-	9.873.170	*PT Medco Energi Menamas*
PT Medco General Power Services	4.178.460	-	701.699	-	-	4.880.159	*PT Medco General Power Services*
PT Universal Batam Energy	3.462.161	-	1.416.643	-	-	4.878.804	*PT Universal Batam Energy*
PT Multidaya Prima Elektrindo	1.384.148	-	99.626	-	-	1.483.774	*PT Multidaya Prima Elektrindo*
PT Meta Adhya Tirta Umbulan (META)	940.777	7.250.880	(526.177)	-	(7.665.480)	-	*PT Meta Adhya Tirta Umbulan (META)*
Medco Oman LLC	315.242	-	5.925.523	(6.312.000)	-	(71.235)	*Medco Oman LLC*
Lain-lain	1.134.105	-	1.857.997	(3.522)	-	2.988.580	*Others*
Jumlah	**145.205.321**	**12.099.760**	**25.277.824**	**(6.855.734)**	**(7.665.480)**	**168.061.691**	***Total***

29. KEPENTINGAN NONPENGENDALI (lanjutan) / *29. NON-CONTROLLING INTERESTS (continued)*

2017

	Kepentingan Nonpengendali pada Awal Tahun/ *Non-controlling Interests at Beginning of Year*	Dampak akuisisi entitas anak/ *Effect from acquisition of Subsidiary*	Bagian atas Jumlah Penghasilan/ (Rugi) Komprehensif pada Tahun Berjalan/ *Share in Total Comprehensive Income (Loss) of the Current Year*	Pembagian Dividen/ *Dividend Distribution*	Setoran Modal/ *Capital Contribution*	Kepentingan Nonpengendali pada Akhir Tahun/ *Non-controlling Interests at End of Year*	
PT Medco Geopower Sarulla (MGeoPS)	-	72.048.427	(810.559)	-	12.016.022	83.253.890	*PT Medco Geopower Sarulla (MGeoPS)*
PT Medco Power Internasional (sebelumnya PT Saratoga Power)	-	31.970.171	(249.086)	-	-	31.721.085	*PT Medco Power Internasional (formerly PT Saratoga Power)*
PT Dalle Energy Batam	-	9.749.428	158.261	-	-	9.907.689	*PT Dalle Energy Batam*
PT Medco Energi Menamas	-	8.550.652	357.112	-	-	8.907.764	*PT Medco Energi Menamas*
PT Medco General Power Services	-	3.891.766	286.694	-	-	4.178.460	*PT Medco General Power Services*
PT Universal Batam Energy	-	3.075.121	387.040	-	-	3.462.161	*PT Universal Batam Energy*
PT Multidaya Prima Elektrindo	-	1.302.320	81.828	-	-	1.384.148	*PT Multidaya Prima Elektrindo*
PT Meta Adhya Tirta Umbulan (META)	1.153.846	-	(213.069)	-	-	940.777	*PT Meta Adhya Tirta Umbulan (META)*
Medco Oman LLC	1.802.625	-	5.232.617	(6.720.000)	-	315.242	*Medco Oman LLC*
Lain-lain	-	1.256.758	(122.653)	-	-	1.134.105	*Others*
Jumlah	**2.956.471**	**131.844.643**	**5.108.185**	**(6.720.000)**	**12.016.022**	**145.205.321**	***Total***

2016

	Kepentingan Nonpengendali pada Awal Tahun/ *Non-controlling Interest at Beginning of Year*	Bagian atas Jumlah Penghasilan/ (Rugi) Komprehensif pada Tahun Berjalan/ *Share in Total Comprehensive Income (Loss) of the Current Year*	Pembagian Dividen/ *Dividend Distribution*	Setoran Modal/ *Capital Contribution*	Kepentingan Nonpengendali pada Akhir Tahun/ *Non-controlling Interest at End of Year*	
Medco Oman LLC	5.111.202	2.291.423	(5.600.000)	-	1.802.625	*Medco Oman LLC*
PT Meta Adhya Tirta Umbulan (META)	-	-	-	1.153.846	1.153.846	*PT Meta Adhya Tirta Umbulan (META)*
Jumlah	**5.111.202**	**2.291.423**	**(5.600.000)**	**1.153.846**	**2.956.471**	***Total***

29. KEPENTINGAN NONPENGENDALI (lanjutan)

Ekuitas kepemilikan non pengendali atas ekuitas adalah sebagai berikut :

29. NON-CONTROLLING INTERESTS (continued)

The equity interest held by non-controlling interests is as follows :

	2018	2017	2016	
PT Medco Geopower Sarulla	49,00%	49,00%	-	*PT Medco Geopower Sarulla*
Medco Oman LLC	32,00%	32,00%	32,00%	*Medco Oman LLC*
PT Universal Batam Energy	30,00%	30,00%	-	*PT Universal Batam Energy*
PT Medco Power Internasional	22,32%	22,32%	-	*PT Medco Power Internasional*
PT Dalle Energy Batam	20,01%	20,01%	-	*PT Dalle Energy Batam*
PT Multidaya Prima Elektrindo	15,00%	15,00%	-	*PT Multidaya Prima Elektrindo*
PT Medco General Power Services	0,10%	0,10%	-	*PT Medco General Power Services*
PT Medco Energi Menamas	0,01%	0,01%	-	*PT Medco Energi Menamas*
PT Meta Adhya Tirta Umbulan (META)	-	30,00%	30,00%	*PT Meta Adhya Tirta Umbulan (META)*
Lain-Lain:				*Others:*
PT Medco Ratch Power Riau	49,00%	49,00%	-	*PT Medco Ratch Power Riau*
PT Sangsaka Agro Lestari	30,00%	30,00%	-	*PT Sangsaka Agro Lestari*
PT Muara Enim Multi Power	20,00%	20,00%	-	*PT Muara Enim Multi Power*
PT Nawakara Energi Sumpur	20,00%	20,00%	-	*PT Nawakara Energi Sumpur*
PT Energi Prima Elektrika	7,50%	7,50%	-	*PT Energi Prima Elektrika*
PT Dalle Panaran	0,99%	0,99%	-	*PT Dalle Panaran*
PT Medco Power Sumatera	0,40%	0,40%	-	*PT Medco Power Sumatera*
PT Indo Medco Power	0,02%	0,02%	-	*PT Indo Medco Power*
PT Medco Geothermal Sarulla	0,01%	0,01%	-	*PT Medco Geothermal Sarulla*
PT Medco Geothermal Indonesia	0,01%	0,01%	-	*PT Medco Geothermal Indonesia*

PT Medco Geopower Sarulla ("MGeoPS")

Porsi kepentingan nonpengendali pada MGeoPS adalah sebesar 49%.

Berdasarkan Akta Notaris No. 27 tanggal 7 Juni 2018 oleh Mala Mukti, SH, M.Kn., dimana para pemegang saham PT Medco Geopower Sarulla ("MGeoPS") menyetujui peningkatan modal ditempatkan dan disetor penuh dari 1.756.065.037 lembar saham menjadi 1.841.361.902 lembar saham melalui penempatan modal saham sebanyak 43.501.401 lembar saham dengan nilai nominal Rp43.501.401.000 (setara dengan AS$5.046.793) oleh PT Medco Power Indonesia dan 41.795.464 lembar saham dengan nilai nominal Rp41.795.464.000 (setara dengan AS$4.848.880) oleh Inpex Geothermal Sarulla Ltd.

Ringkasan informasi keuangan MGeoPS disajikan di bawah ini, sebelum eliminasi antar perusahaan.

PT Medco Geopower Sarulla ("MGeoPS")

The portion of equity interest held by non-controlling interest in MGeoPS is 49%.

Based on Notarial Deed No. 27 dated June 7, 2018 of Mala Mukti, S.H., M.Kn., whereby the PT Medco Geopower Sarulla' ("MGeoPS") shareholders approved the increase in the subscribed and fully paid capital from 1,756,065,037 shares to 1,841,361,902 shares through shares subscription of 43,501,401 shares with nominal value Rp43,501,401,000 (equivalent to US$5,046,793) by PT Medco Power Indonesia and 41,795,464 shares with nominal value Rp41,795,464,000 (equivalent to US$4,848,880) by Inpex Geothermal Sarulla Ltd.

The summarized financial information of MGeoPS is provided below, before intercompany elimination.

29. KEPENTINGAN NONPENGENDALI (lanjutan) / 29. NON-CONTROLLING INTERESTS (continued)

PT Medco Geopower Sarulla ("MGeoPS") (lanjutan) / *PT Medco Geopower Sarulla ("MGeoPS") (continued)*

Ringkasan laporan posisi keuangan / *Summarized statement of financial position*

	2018	2017	2016	
Aset Lancar	153.343.863	109.475.416	-	*Current Assets*
Aset Tidak Lancar	508.104.208	497.168.591	-	*Non-current Assets*
Liabilitas Jangka Pendek	41.189.140	40.627.196	-	*Current Liabilities*
Liabilitas Jangka Panjang	412.055.924	397.209.048	-	*Non-current Liabilities*

Ringkasan laporan laba rugi dan penghasilan komprehensif lain: / *Summarized statement of profit or loss and other comprehensive income:*

	2018	2017	2016	
Pendapatan	85.230.528	160.264.472	-	*Revenues*
Beban pokok pendapatan	(33.796.080)	(109.178.119)	-	*Cost of revenues*
Laba kotor	51.434.448	51.086.353	-	*Gross profit*
Beban penjualan, umum dan administrasi	(2.729.428)	(3.617.893)	-	*Selling, general and administrative expenses*
Beban pendanaan	(25.175.722)	(23.628.771)	-	*Finance costs*
Pendapatan bunga	338.864	91.261	-	*Finance income*
Beban lain-lain	(1.947.311)	(381.338)	-	*Other expense*
LABA SEBELUM BEBAN PAJAK PENGHASILAN	**21.920.851**	**23.549.612**	**-**	***PROFIT BEFORE INCOME TAX EXPENSE***
Beban pajak penghasilan	1.102.683	(16.664.557)	-	*Income tax expense*
LABA TAHUN BERJALAN	**23.023.534**	**6.885.055**	**-**	***PROFIT FOR THE YEAR***
Penghasilan komprehensif lain	6.476.036	1.938.533	-	*Other comprehensive income*
JUMLAH LABA KOMPREHENSIF TAHUN BERJALAN	**29.499.570**	**8.823.588**	**-**	***TOTAL COMPREHENSIVE INCOME FOR THE YEAR***
Laba tahun berjalan yang diatribusikan kepada:				*Profit for the year attributable to:*
Pemilik entitas induk	11.742.003	3.511.379	-	*Equity holders of the parent*
Kepentingan nonpengendali	11.281.531	3.373.676	-	*Non-controlling interests*
JUMLAH	**23.023.534**	**6.885.055**	**-**	***TOTAL***
Laba komprehensif tahun berjalan yang diatribusikan kepada:				*Total comprehensive income for the year attributable to:*
Pemilik entitas induk	15.044.781	4.500.030	-	*Equity holders of the parent*
Kepentingan nonpengendali	14.454.789	4.323.558	-	*Non-controlling interests*
JUMLAH	**29.499.570**	**8.823.588**	**-**	***TOTAL***

29. KEPENTINGAN NONPENGENDALI (lanjutan) / 29. NON-CONTROLLING INTERESTS (continued)

PT Medco Geopower Sarulla ("MGeoPS") (lanjutan) / *PT Medco Geopower Sarulla ("MGeoPS") (continued)*

Ringkasan laporan arus kas / *Summarized statement of cash flows*

	2018	2017	2016	
Arus kas diperoleh dari (digunakan untuk) aktivitas operasi	12.462.252	(42.635.793)	-	*Cash flows provided by (used in) operating activities*
Arus kas digunakan untuk aktivitas investasi	(21.080.514)	(85.482.550)	-	*Cash flows used in investing activities*
Arus kas diperoleh dari aktivitas pendanaan	39.625.403	122.638.001	-	*Cash flows provided by financing activities*
Kenaikan (penurunan) neto kas dan setara kas	31.007.141	(5.480.342)	-	*Net increase (decrease) in cash and Cash equivalents*
Kas dan setara kas awal tahun	3.657.771	9.138.113	-	*Cash and cash equivalents at beginning of year*
Kas dan setara kas akhir tahun	**34.664.912**	**3.657.771**	**-**	***Cash and cash equivalents at end of year***

PT Medco Power Internasional dan Entitas Anak ("MPInt") / *PT Medco Power Internasional and Subsidiaries ("MPInt")*

Porsi kepentingan non-pengendali pada MPInt adalah sebesar 22,32%. / *The portion of equity interest held by non-controlling interest in MPInt is 22.32%.*

Ringkasan informasi keuangan MPInt disajikan di bawah ini, sebelum eliminasi antar perusahaan. / *The summarized financial information of MPInt is provided below, before intercompany elimination.*

Ringkasan laporan posisi keuangan / *Summarized statement of financial position*

	2018	2017	2016	
Aset Lancar	261.713.259	210.490.001	-	*Current Assets*
Aset Tidak Lancar	808.457.654	770.456.896	-	*Non-current Assets*
Liabilitas Jangka Pendek	168.581.991	122.432.647	-	*Current Liabilities*
Liabilitas Jangka Panjang	557.339.882	550.394.445	-	*Non-current Liabilities*
Kepentingan non-pengendali	228.423.210	197.773.977	-	*Non-controlling Interest*

Ringkasan laporan laba rugi dan penghasilan komprehensif lain / *Summarized statement of profit or loss and other comprehensive income*

	2018	2017	2016	
Pendapatan	244.410.770	275.621.187	-	*Revenues*
Beban pokok pendapatan	(137.951.176)	(175.382.800)	-	*Cost of revenues*
Laba kotor	106.459.594	100.238.387	-	*Gross profit*
Beban penjualan, umum dan administrasi	(29.530.911)	(25.297.647)	-	*Selling, general and administrative expenses*
Pendapatan bunga	6.397.737	2.615.883	-	*Finance income*
Beban pendanaan	(44.940.466)	(34.637.159)	-	*Finance costs*
Beban lain-lain	(5.382.184)	(1.654.122)	-	*Other expense*
Pendapatan lain-lain	1.581.761	1.946.373	-	*Other income*
LABA SEBELUM BEBAN PAJAK PENGHASILAN	**34.585.531**	**43.211.715**	**-**	***PROFIT BEFORE INCOME TAX EXPENSE***
Beban pajak	(3.393.139)	(22.543.716)	-	*Tax expense*
LABA TAHUN BERJALAN	**31.192.392**	**20.667.999**	**-**	***PROFIT FOR THE YEAR***
Penghasilan komprehensif lain	4.936.843	5.212.915	-	*Other comprehensive income*

29. KEPENTINGAN NONPENGENDALI (lanjutan)

PT Medco Power Internasional dan Entitas Anak ("MPInt") (lanjutan)

Ringkasan laporan laba rugi dan penghasilan komprehensif lain

29. NON-CONTROLLING INTERESTS (continued)

PT Medco Power Internasional and Subsidiaries ("MPInt") (continued)

Summarized statement of profit or loss and other comprehensive income

	2018	2017	2016	
JUMLAH LABA KOMPREHENSIF TAHUN BERJALAN	**36.129.235**	**25.880.914**	**-**	***TOTAL COMPREHENSIVE INCOME FOR THE YEAR***
Laba tahun berjalan yang diatribusikan kepada:				*Profit for the year attributable to:*
Pemilik entitas induk	7.080.836	7.240.077	-	*Equity holders of the parent*
Kepentingan nonpengendali	24.111.556	13.427.922	-	*Non-controlling interests*
JUMLAH	**31.192.392**	**20.667.999**	**-**	***TOTAL***
Laba komprehensif tahun berjalan yang diatribusikan kepada:				*Total comprehensive income for the year attributable to:*
Pemilik entitas induk	6.253.835	9.464.564	-	*Equity holders of the parent*
Kepentingan nonpengendali	29.875.400	16.416.350	-	*Non-controlling interests*
JUMLAH	**36.129.235**	**25.880.914**	**-**	***TOTAL***

Ringkasan laporan arus kas

Summarized statement of cash flows

	2018	2017	2016	
Arus kas diperoleh dari aktivitas operasi	55.903.694	24.593.871	-	*Cash flows provided by operating activities*
Arus kas digunakan untuk aktivitas investasi	(58.158.570)	(129.005.234)	-	*Cash flows used in investing activities*
Arus kas diperoleh dari aktivitas pendanaan	45.906.928	120.351.121	-	*Cash flows provided by financing activities*
Kenaikan neto kas dan Setara kas	43.652.052	15.939.758	-	*Net increase in cash and cash equivalents*
Kas dan setara kas awal tahun	54.232.762	38.382.491	-	*Cash and cash equivalents at beginning of year*
Dampak perubahan selisih kurs	(1.696.454)	(89.487)	-	*Effect of foreing exchange rate changes*
Kas dan setara kas akhir tahun	**96.188.360**	**54.232.762**	-	***Cash and cash equivalents at end of year***

Lain-lain

Pada tanggal 1 Desember 2018, PT Medco General Power Services ("MGPS") membayarkan dividen interim untuk tahun 2018 sebesar Rp51.000.000.000, dimana sebesar Rp51.000.000 (setara dengan AS$3.522) telah dibayarkan kepada pihak nonpengendali.

Others

On December 1, 2018, PT Medco General Power Services ("MGPS") paid interim dividends for the year 2018 amounting to Rp51,000,000,000, wherein dividends amounting to Rp51,000,000 (equivalent to US$3,522) was paid to non-controlling interest.

29. KEPENTINGAN NONPENGENDALI (lanjutan)

Lain-lain (lanjutan)

Pada tanggal 28 November 2018, PT Meta Adhya Tirta Umbulan ("META") menandatangani Perjanjian Pemberesan Utang dalam Rangka Konversi Saham dengan PT Bangun Cipta Kontraktor ("BCP") yang telah disahkan dalam Akta Notaris No. 9 tanggal 19 Desember 2018 oleh Vidhya Shah, S.H. Dalam perjanjian tersebut, META dan BCP menyetujui untuk mengonversi utang META kepada BCP sebesar Rp105 miliar atau setara dengan AS$7.250.880 menjadi 1.050 lembar saham atas META. Pada tanggal 28 Desember 2018, Perusahan telah melepaskan kepemilikan atas PT Medco Infrasturktur Indonesia ("MII"), entitas induk langsung dari META (Catatan 38).

Pada tanggal 1 November 2018, Medco LLC membayarkan dividen untuk tahun 2018 sebesar AS$6.000.000, dimana sebesar AS$1.920.000 telah dibayarkan kepada pihak nonpengendali.

Pada tanggal 31 Juli 2018, PT Mitra Energi Batam (MEB) membayarkan dividen interim untuk tahun 2018 sebesar Rp20.000.000.000, dimana sebesar Rp7.200.000.000 (setara dengan AS$497.376) telah dibayarkan kepada pihak nonpengendali.

Pada tanggal 26 Juli 2018, PT Dalle Energy Batam ("DEB") membayarkan dividen interim untuk tahun 2018 sebesar Rp3.100.000.000, dimana sebesar Rp620.310.000 (setara dengan AS$42.836) telah dibayarkan kepada pihak nonpengendali.

Pada tanggal 25 April 2018 dan 29 November 2018, Medco LLC membayarkan dividen untuk tahun 2017 masing-masing sebesar AS$9.000.000 dan AS$4.725.000, dimana masing-masing sebesar AS$2.880.000 dan AS$1.512.000 telah dibayarkan kepada pihak nonpengendali.

Pada tanggal 15 Mei 2017 dan 18 Oktober 2017, Medco LLC membayarkan dividen untuk tahun 2016 masing-masing sebesar AS$11.000.000 dan AS$10.000.000, di mana masing-masing sebesar AS$3.520.000 dan AS$3.200.000 telah dibayarkan kepada pihak nonpengendali.

Pada tanggal 19 Mei 2016 dan 26 Oktober 2016, Medco LLC membayarkan dividen untuk tahun 2015 masing-masing sebesar AS$10.000.000 dan AS$7.500.000, dimana sebesar AS$3.200.000 dan AS$2.400.000 telah dibayarkan kepada pihak nonpengendali.

29. NON-CONTROLLING INTERESTS (continued)

Others (continued)

On November 28, 2018, PT Meta Adhya Tirta Umbulan ("META") signed Debt to Equity Conversion Agreement with PT Bangun Cipta Kontraktor ("BCP") which has been ratified based on Notarial Deed No. 9 dated December 19, 2018 of Vidhya Shah, S.H. In this agreement, META and BCP agreed to convert META's debt to BCP amounting to Rp105 billion or equivalent to US$7,250,880 into 1,050 shares in META. On December 28, 2018, the Company has divested its ownership in PT Medco Infrastruktur Indonesia ("MII"), the direct parent of META (Note 38).

On November 1, 2018, Medco LLC paid dividends for the year 2018 amounting to US$6,000,000, whereby dividends amounting to US$1,920,000 were paid to non-controlling interest.

On July 31, 2018, PT Mitra Energi Batam (MEB) paid interim dividends for the year 2018 amounting to Rp20,000,000,000, whereby dividends amounting to Rp7,200,000,000 (equivalent to US$497,376) were paid to non-controlling interest.

On July 26, 2018, PT Dalle Energy Batam ("DEB") paid interim dividends for the year 2018 amounting to Rp3,100,000,000, whereby dividends amounting to Rp620,310,000 (equivalent to US$42,836) was paid to non-controlling interest.

On April 25, 2018 and November 29, 2018, Medco LLC paid dividends for the year 2017 amounting to US$9,000,000 and US$4,725,000, respectively, whereby dividends amounting to US$2,880,000 and US$1,512,000, respectively, were paid to non-controlling interest.

On May 15, 2017 and October 18, 2017, Medco LLC paid dividends for the year 2016 amounting to US$11,000,000 and US$10,000,000, respectively, whereby dividends amounting to US$3,520,000 and US$3,200,000, respectively, were paid to non-controlling interest.

On May 19, 2016 and October 26, 2016, Medco LLC paid dividends for the year 2015 amounting to US$10,000,000 and US$7,500,000, respectively, wherein, dividends amounting to US$3,200,000 and US$2,400,000, respectively, were paid to non-controlling interest.

30. MODAL SAHAM / *30. CAPITAL STOCK*

2018

Pemegang Saham/*Shareholders*	Jumlah Saham/ *Number of Shares*	Persentase Kepemilikan/ *Percentage of Ownership*	Jumlah/*Amount* Rp'000	Jumlah/*Amount* AS$/*US$*
PT Medco Daya Abadi Lestari	8.959.891.262	50,44%	223.997.282	55.075.256
Diamond Bridge Pte Ltd	3.830.690.801	21,57%	95.767.270	23.546.745
PT Medco Duta	33.244.500	0,19%	831.113	204.891
PT Multifabrindo Gemilang	8.000.000	0,05%	200.000	49.290
Dewan Komisaris/*Board of Commissioners*				
Muhammad Lutfi	8.450.333	0,05%	211.258	51.943
Yani Yuhani Panigoro	3.375.166	0,02%	84.379	20.747
Yaser Raimi A Panigoro	251.033	0,00%	6.276	1.541
Direksi/*Board of Directors*				
Roberto Lorato	86.389.667	0,49%	2.159.742	514.634
Ronald Gunawan	46.216.366	0,26%	1.155.409	273.567
Anthony Robert Mathias	38.467.266	0,22%	961.682	227.663
Amri Siahaan	36.873.399	0,21%	921.835	217.463
Hilmi Panigoro	10.686.233	0,06%	267.156	65.687
Masyarakat (masing-masing di bawah 5%)/ *Public (each below 5%)*	4.699.980.535	26,44%	117.499.512	28.784.727
Sub-jumlah/*Sub-total*	17.762.516.561	100,00%	444.062.914	109.034.154
Saham treasuri/*Treasury stock*	66.831.040		1.670.776	410.238
Jumlah/*Total*	**17.829.347.601**		**445.733.690**	**109.444.392**

2017

Pemegang Saham/*Shareholders*	Jumlah Saham/ *Number of Shares*	Persentase Kepemilikan/ *Percentage of Ownership*	Jumlah/*Amount* Rp'000	Jumlah/*Amount* AS$/*US$*
Encore Energy Pte Ltd	4.760.709.492	27,05%	119.017.737	29.345.850
PT Medco Daya Abadi Lestari	3.491.628.454	19,84%	87.290.711	21.519.452
Clio Capital Ventures Ltd	2.763.255.200	15,70%	69.081.380	17.030.374
Diamond Bridge Pte Ltd	1.774.988.917	10,09%	44.374.723	10.939.534
PT Medco Duta	33.244.500	0,19%	831.113	204.891
PT Multifabrindo Gemilang	8.000.000	0,05%	200.000	49.290
Dewan Komisaris/*Board of Commissioners*				
Muhammad Lutfi	4.597.333	0,03%	114.933	28.334
Yani Yuhani Panigoro	2.298.666	0,01%	57.467	14.167
Yaser Raimi A Panigoro	1.533.333	0,01%	38.333	9.450
Direksi/*Board of Directors*				
Roberto Lorato	62.520.000	0,36%	1.563.000	385.321
Ronald Gunawan	30.781.333	0,17%	769.533	189.710
Anthony Robert Mathias	25.565.333	0,15%	639.133	157.563
Amri Siahaan	23.338.666	0,13%	583.467	143.840
Hilmi Panigoro	7.277.333	0,04%	181.933	44.851
Masyarakat (masing-masing di bawah 5%)/ *Public (each below 5%)*	4.606.732.107	26,18%	115.168.304	28.387.174
Sub-jumlah/*Sub-total*	17.596.470.667	100,00%	439.911.767	108.449.801
Saham treasuri/*Treasury stock*	132.452.800		3.311.320	816.327
Jumlah/*Total*	**17.728.923.467**		**443.223.087**	**109.266.128**

30. MODAL SAHAM (lanjutan)

30. CAPITAL STOCK (continued)

	2016			
			Jumlah / *Amount*	
Pemegang Saham/*Shareholders*	**Jumlah Saham/ *Number of Shares***	**Persentase Kepemilikan/ *Percentage of Ownership***	**Rp'000**	**AS$/*US$***
Encore Energy Pte Ltd	1.190.177.373	36,44%	119.017.737	36.131.937
Credit Suisse AG SG Trust Account Client	690.813.800	21,15%	69.081.380	20.969.218
Mitsubishi Corporation	499.215.633	15,28%	49.921.563	15.153.376
PT Prudential Life Assurance	237.433.300	7,27%	23.743.330	7.207.138
PT Medco Duta	8.305.500	0,25%	830.550	252.108
PT Multifabrindo Gemilang	2.000.000	0,06%	200.000	60.693
Masyarakat (masing-masing di bawah 5%)/ *Public (each below 5%)*	638.599.644	19,55%	63.859.965	19.379.453
Sub-jumlah/*Sub-total*	3.266.545.250	100,00%	326.654.525	99.153.923
Saham treasuri/*Treasury stock*	65.906.200		6.590.620	2.000.541
Jumlah/*Total*	**3.332.451.450**		**333.245.145**	**101.154.464**

Pada tanggal 26 Agustus 2015, Perusahaan mengumumkan rencana untuk membeli kembali maksimum sebanyak 10% dari jumlah saham Perusahaan yang telah diterbitkan. Dana yang dicadangkan untuk melakukan program pembelian kembali saham ini adalah sebesar AS$50 juta. Program ini akan dilakukan dalam kurun waktu 6 bulan setelah pengumuman tersebut. Pada tanggal 31 Desember 2015, Perusahaan telah melakukan pembelian kembali sebanyak 36.992.800 lembar saham dengan nilai sebesar Rp42.921.848.735 (atau setara dengan AS$1.122.893). Selanjutnya pada 2016, Perusahaan melakukan tambahan pembelian kembali sebanyak 28.913.400 lembar saham dengan nilai sebesar Rp23.654.670.005 (atau setara dengan AS$877.648), sehingga pada tanggal 31 Desember 2016, jumlah pembelian kembali saham treasuri adalah sebanyak 65.906.200 lembar saham dengan nilai sebesar Rp66.576.518.740 (atau setara dengan AS$2.000.541).

On August 26, 2015, the Company announced its plan to buy back up to 10% of its paid-up capital. For this buy-back program, the Company set aside funds in the amount of US$50 million. The buy-back program will be conducted within a period of 6 months from the announcement. As of December 31, 2015, the Company had repurchased 36,992,800 shares for the total cost of Rp42,921,848,735 (equivalent to US$1,122,893). Furthermore, in 2016, the Company repurchased additional 28,913,400 shares for the total cost of Rp23,654,670,005 (equivalent to US$877,648), therefore as of December 31, 2016, total repurchased treasury shares amounted to 65,906,200 shares for the total cost of Rp66,576,518,740 (equivalent to US$2,000,541).

Berdasarkan Akta Pernyataan Keputusan Rapat No. 110 tanggal 30 September 2016 oleh Notaris Leolin Jayanti, S.H., M.Kn, pemegang saham Perusahaan telah menyetujui peningkatan modal dasar Perusahaan dari Rp400.000.000.000 menjadi Rp950.000.000.000.

Based on Deed of Meeting Resolution No. 110 dated September 30, 2016 issued by Notary Leolin Jayanti, S.H., M.Kn, the shareholders of the Company have approved the Company's authorized capital increase from Rp400,000,000,000 to Rp950,000,000,000.

Perubahan modal dasar tersebut telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Keputusan Menteri Hukum dan Hak Asasi Manusia No. AHU-0018110.AH.01.02.TH 2016 tanggal 5 Oktober 2016.

The change in authorized share capital has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-0018110.AH.01.02.TH 2016 dated on October 5, 2016.

30. MODAL SAHAM (lanjutan)

Pada tanggal 17 Oktober 2016, Mitsubishi Corporation telah menyelesaikan transaksi pembelian saham Perusahaan yang sebelumnya dimiliki oleh Encore Energy Pte Ltd sejumlah 499.215.633 lembar saham yang merepresentasikan 15,28% kepemilikan.

Berdasarkan keputusan Rapat Umum Pemegang Saham Luar Biasa ("RUPSLB") tanggal 16 Juni 2017 yang dinyatakan dalam Akta Notaris Leolin Jayanti, S.H., M.Kn No.30 tanggal 14 Juli 2017, para pemegang saham menyetujui pemecahan saham Perusahaan. Untuk setiap saham dengan nilai nominal Rp100 dipecah menjadi 4 saham dengan nilai nominal Rp25, sehingga modal dasar Perseroan menjadi Rp950 miliar terbagi atas 38 miliar saham, dengan nilai nominal Rp25 per saham. Dari modal dasar tersebut, telah ditempatkan dan disetor penuh sebanyak 13.329.805.800 saham, dengan nilai nominal seluruhnya sebesar Rp333.245.145.000.

Perubahan ini telah dilakukan dalam Anggaran Dasar Perusahaan yang telah disahkan oleh Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-AH.01.03-0153495 TH.2017. Pendaftaran di Pasar Modal telah disampaikan Otoritas Jasa Keuangan ("OJK") pada tanggal 14 Juli 2017.

Sampai dengan tanggal 31 Desember 2017, Perusahaan telah menerbitkan 131.172.000 lembar saham (setara dengan AS$1.184.214) yang berasal dari saham treasuri sehubungan dengan pelaksanaan Program Saham Bonus Manajemen (Catatan 31).

Pada tanggal 29 November 2017, Perusahaan menerima pernyataan efektif dari Otoritas Jasa Keuangan terkait rencana Penawaran Umum Terbatas II kepada para pemegang saham Perusahaan dalam rangka penerbitan Hak Memesan Efek Terlebih Dahulu ("PUT II HMETD") atas 4.399.117.667 saham biasa atas nama atau sebesar 24,81% dari modal ditempatkan dan disetor penuh Perusahaan setelah PUT II HMETD. Perusahaan memperoleh dana sebesar Rp2.639.470.600.200 (sebelum dikurangi biaya transaksi) melalui PUT II HMETD ini. Perusahaan telah menerima seluruh dana dari PUT II HMETD pada bulan Januari 2018.

30. CAPITAL STOCK (continued)

On October 17, 2016, Mitsubishi Corporation has completed the purchase of the Company shares which previously were owned by Encore Energy Pte Ltd totalling of 499,215,633 shares which represent 15.28% ownership.

Based on the Extraordinary General Meeting of Shareholders ("EGMS") held on June 16, 2017 covered by Notarial Deed of Leolin Jayanti, S.H., M.Kn No.30 dated July 14, 2017, the shareholders approved the stock split of the Company's share. Each share with par value of Rp100 per share was split into 4 shares with par value of Rp25, therefore, the Company's authorized capital became Rp950 billion which consists of 38 billion shares, with Rp25 par value per share. Out of this authorized capital, 13,329,805,800 shares have been issued and fully paid shares with total par value amounting to Rp333,245,145,000.

The Company's Articles of Association has been amended to reflect the above matters and the amendment has been approved by the Ministry of Justice and Human Rights in its Decision Letter No. AHU-AH.01.03-0153495 TH 2017. The Capital Market Registration has been submitted to the Financial Services Authority on July 14, 2017.

Until December 31, 2017, the Company has issued 131,172,000 shares (equivalent to US$1,184,214) from the Company treasury shares in connection with the execution of the Management Share Award Program (Note 31).

On November 29, 2017, the Company obtained letter of effectivity from the Financial Services Authority related to the Limited Public Offering II to the shareholders of the Company through the Issuance of Pre-Emptive Rights ("PUT II HMETD") of 4,399,117,667 ordinary registered shares or 24.81% of the Company's issued and paid-up capital subsequent to the PUT II HMETD. The Company generated funds amounting to Rp2,639,470,600,200 (before deduction of transaction costs) through this PUT II HMETD. The Company has received all funds from PUT II HMETD in January 2018.

30. MODAL SAHAM (lanjutan)

Bersamaan dengan PUT II ini, Perusahaan juga menerbitkan sebanyak-banyaknya 4.399.117.667 Waran Seri I yang merupakan 33,33% dari jumlah modal ditempatkan dan disetor penuh pada saat pernyataan pendaftaran dan berdasarkan asumsi dilaksanakannya Waran Seri I sebelum PUT II. Untuk setiap 1 saham hasil pelaksanaan HMETD tersebut melekat 1 Waran Seri I bagi pemegang HMETD yang melaksanakan haknya. Waran Seri I dapat dilaksanakan mulai tanggal 1 Juli 2018 sampai dengan tanggal 11 Desember 2020 dimana setiap pemegang 1 Waran Seri I berhak untuk membeli 1 saham Perusahaan dengan ketentuan sebagai berikut:

- Tahap I dimulai pada tanggal 1 Juli 2018 sampai dengan 31 Desember 2018 dengan Harga Pelaksanaan Waran Tahap I Rp625 per saham;
- Tahap II dimulai pada tanggal 1 Januari 2019 sampai dengan 31 Desember 2019 dengan Harga Pelaksanaan Waran Tahap II Rp650 per saham;
- Tahap III dimulai pada tanggal 1 Januari 2020 sampai dengan 11 Desember 2020 dengan Harga Pelaksanaan Waran Tahap III Rp675 per saham.

Terkait dengan Penawaran Umum Terbatas II Hak Memesan Efek Terlebih Dahulu ("PUT II HMETD") di bulan Desember 2017, para pemegang saham yang melaksanakan haknya diberikan waran yang dapat diperjualbelikan secara terpisah (Waran) per saham yang dipesan. Encore Energy Pte Ltd, Clio Capital Ventures Pte Ltd, PT Multifabrindo Gemilang dan PT Medco Duta mengalihkan hak mereka dalam PUT II HMETD kepada PT Medco Daya Abadi Lestari ("MDAL"). Selain dari Waran yang diterima dari pengalihan ini, pada tanggal penerbitan Waran, MDAL juga menerima Waran dari saham yang dipesannya dalam PUT II HMETD. Waran tersebut dapat dipergunakan antara bulan Juli 2018 sampai dengan bulan Desember 2020.

30. CAPITAL STOCK (continued)

Simultaneously with the PUT II, the Company shall issue a total of 4,399,117,667 Series I Warrants, which represent 33.33% of the total issued and paid-up capital as of the submission of the registration statement based on the assumption that the Series I Warrants are exercised prior to the PUT II. Every 1 Right Share shall be accompanied by 1 Series I Warrant granted to the Preemptive Right holders exercising their rights. The Series I Warrants may be exercised from July 1, 2018 until December 11, 2020, where each holder of 1 Series I Warrant shall be entitled to purchase 1 share of the Company, subject to the following provisions:

- *Exercise Window I shall commence from July 1, 2018 until December 31, 2018, with the Exercise Price for the Warrant Exercise Window I of Rp625 per share;*
- *Exercise Window II shall commence from January 1, 2019 until December 31, 2019, with the Exercise Price for the Warrant Exercise Window II of Rp650 per share;*
- *Exercise Window III shall commence from January 1, 2020 until December 11, 2020, with the Exercise Price for the Warrant Exercise Window III of Rp675 per share.*

In connection with the Company's rights offering in December 2017, shareholders that exercised their rights were issued one detachable warrant ("Warrants") per share subscribed for in the rights offering. Encore Energy Pte Ltd, Clio Capital Ventures Pte. Ltd., PT Multifabrindo Gemilang and PT Medco Duta transferred their entitlement to rights in the rights offering to PT Medco Daya Abadi Lestari ("MDAL"). In addition to the Warrants received pursuant to this transfer, on the issue date of the Warrants, MDAL also received Warrants from the shares that it subscribed for in the rights offering. The Warrants are exercisable between July 2018 and December 2020.

30. MODAL SAHAM (lanjutan)

Pada tanggal 15 Januari 2018, Diamond Bridge Pte, Ltd mengakuisisi 2.055.701.884 saham Perusahaan dari MDAL, beserta 1.027.850.942 Waran terkait, sehingga dampak setelah transaksi, Diamond Bridge Pte, Ltd memiliki 21,6% saham beredar Perusahaan dan MDAL memiliki 8,1% saham beredar Perusahaan. Setelah memperhitungkan dampak transaksi ini, kepemilikan saham yang dimiliki oleh, dan/atau dimiliki atas nama, Tn. Hilmi Panigoro dan/atau anggota keluarganya, melalui Encore Energy Pte Ltd, Clio Capital Ventures Ltd, PT Medco Duta, PT Multifabrindo Gemilang, dan MDAL mewakili 50,78% dari jumlah saham yang beredar. Sejak tanggal 28 Maret 2018, MDAL telah mengonsolidasikan kepemilikan Tn. Hilmi Panigoro dan/atau anggota keluarganya melalui pertukaran saham Perusahaan yang secara kolektif dimiliki oleh Encore Energy Pte Ltd and Clio Capital Ventures Ltd kepada MDAL, sehingga MDAL sekarang memiliki lebih dari 50% saham di Perusahaan.

Anggaran Dasar Perusahaan mengalami perubahan berdasarkan Akta Notaris No. 51 tanggal 21 Februari 2018, yang telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia dalam surat keputusannya No. AHU-AH.01.03-0080040 TH 2018. Perubahan Anggaran Dasar dilakukan untuk meningkatkan modal ditempatkan dan modal disetor Perusahaan dari Rp333.245.145.000 menjadi sebesar Rp443.223.086.675, dimana penambahan setoran sebesar Rp109.977.941.675 merupakan hasil pelaksanaan PUT II HMETD.

Berdasarkan keputusan Rapat Umum Pemegang Saham Luar Biasa ("RUPSLB") tanggal 15 November 2018 yang dinyatakan dalam Akta Notaris Leolin Jayanti, S.H., M.Kn No.61 tanggal 15 November 2018, para pemegang saham menyetujui untuk mengubah pasal 4 ayat 2 Anggaran Dasar Perusahaan untuk penambahan modal ditempatkan dan disetor sebagai realisasi dari pelaksanaan Penambahan Modal Tanpa Hak Memesan Efek Terlebih Dahulu ("PMTHMETD") untuk mengeluarkan sebanyak-banyaknya 1.772.892.346 lembar saham Waran Seri I dengan nilai nominal Rp25.

30. CAPITAL STOCK (continued)

On January 15, 2018, Diamond Bridge Pte, Ltd acquired 2,055,701,884 shares from MDAL, along with 1,027,850,942 warrants relating thereto, with the effect that, thereafter, Diamond Bridge Pte, Ltd owned 21.6% of the outstanding shares and MDAL owned 8.1% of the outstanding shares. After giving effect to this transaction, the interests beneficially owned by, and/or held for the benefit of, Mr. Hilmi Panigoro and/or members of his family, through Encore Energy Pte. Ltd, Clio Capital Ventures Ltd, PT Medco Duta, PT Multifabrindo Gemilang, and MDAL, represented 50.78% of the Company's total outstanding shares. Since March 28, 2018, MDAL has consolidated the holdings of Mr. Hilmi Panigoro and/or members of his family through a crossing of the Company's shares collectively owned by Encore Energy Pte. Ltd. and Clio Capital Ventures Ltd. to MDAL, so MDAL now holds more than 50% equity interest in the Company.

The Company's Articles of Association has been amended based on notarial deed No. 51 dated February 21, 2018, which has been approved by the Minister of Law and Human Rights in his decision letter No. AHU-AH.01.03-0080040 TH 2018. The amendment of the Articles of Association was made to increase the issued and paid-up capital of the Company from Rp333,245,145,000 to Rp443,223,086,675, in which the additional paid-up capital amounting to Rp109,977,941,675 was the result of the exercise of PUT II HMETD.

Based on the Extraordinary General Meeting of Shareholders ("EGMS") held on November 15, 2018 covered by Notarial Deed of Leolin Jayanti, S.H., M.Kn No.61 dated November 15, 2018, the shareholders approved to amend article 4 paragraph 2 of the Company's Articles of Association to increase the issued and paid-up capital of the Company for the realisation of the Issuance without Pre-Emptive Rights ("PMHTMETD") to issue a total of 1,772,892,346 shares Series I Warrants with par value of Rp25.

30. MODAL SAHAM (lanjutan)

Sampai dengan tanggal 31 Desember 2018, Perusahaan telah menerbitkan 65.621.760 lembar saham (setara dengan AS$406.089) yang berasal dari saham treasuri sehubungan dengan pelaksanaan Program Saham Bonus Manajemen dan Program Bagi Hasil Karyawan (Catatan 31).

Sejak tanggal 1 Juli 2018 sampai dengan tanggal 31 Desember 2018, sebanyak 100.424.134 Waran Seri I Tahap I telah dikonversi menjadi 100.424.134 lembar saham dengan jumlah penerimaan sebesar Rp62.765.083.750 (setara dengan AS$4.361.209).

30. CAPITAL STOCK (continued)

Until December 31, 2018, the Company has issued 65,621,760 shares (equivalent to US$406,089) from the Company treasury shares in connection with the execution of the Management Share Award Program and Employee Share Award Program (Note 31).

Starting July 1, 2018 to December 31, 2018, 100,424,134 Series I Warrants Exercise Window I has been converted to 100,424,134 shares with total proceeds which amounted to Rp62,765,083,750 (equivalent to US$4,361,209).

31. TAMBAHAN MODAL DISETOR DAN PEMBAYARAN BERBASIS SAHAM

31. ADDITIONAL PAID-IN CAPITAL AND SHARE-BASED PAYMENT

Tambahan Modal Disetor / ***Additional Paid-In Capital***

Akun ini terdiri dari: / *This account consists of:*

	2018	2017	2016	
Penjualan 22.000.000 saham melalui penawaran umum perdana kepada masyarakat pada tahun 1994	33.500.000	33.500.000	33.500.000	*Sale of 22,000,000 shares through initial public offering in 1994*
Penjualan kembali saham	1.073.325	1.073.325	1.073.325	*Resale of shares*
Pembagian saham bonus pada tahun 1998	(32.254.579)	(32.254.579)	(32.254.579)	*Distribution of bonus shares in 1998*
Penerbitan 321.730.290 saham melalui penawaran umum terbatas I kepada pemegang saham pada tahun 1999	139.908.988	139.908.988	139.908.988	*Issuance of 321,730,290 shares through rights offering I to stockholders in 1999*
Penurunan modal disetor dari saham treasuri	(36.383.224)	(36.383.224)	(36.383.224)	*Deduction of additional paid-in capital on treasury stock*
Penjualan kembali saham treasuri	74.812.936	74.812.936	74.812.936	*Resale of treasury stock*
Pembayaran berbasis saham	7.675.975	3.133.682	-	*Share-based payment*
Pembagian saham treasuri sebagai *Share Award Program*	(1.590.303)	(1.184.214)	-	*Distribution of treasury shares under Share Award Program*
Penerbitan saham melalui PUT II HMETD, setelah dikurangi biaya transaksi	183.530.378	183.530.378	-	*Issuance of shares through PUT II HMETD, net of transaction cost*
Agio dari pelaksanaan waran (Catatan 30)	4.182.945	-	-	*Premium from exercise of warrants (Note 30)*
Selisih transaksi dengan entitas Sepengendali (Catatan 38)	(2.312.465)	-	-	*Difference in transaction with entity under common control (Note 38)*
Jumlah	**372.143.976**	**366.137.292**	**180.657.446**	***Total***

31. TAMBAHAN MODAL DISETOR DAN PEMBAYARAN BERBASIS SAHAM (lanjutan)

Pembayaran Berbasis Saham

Program ini terdiri atas berbagai jenis kompensasi berbasis saham yang hanya dapat diselesaikan dengan ekuitas (yaitu: saham treasuri yang dimiliki oleh Perusahaan). Jenis-jenis kompensasi berbasis saham adalah sebagai berikut:

a. Program Bagi Hasil Manajemen *(MSAP)*

Blocked Share Program adalah program yang berlaku untuk Direksi dan manajemen senior Perusahaan. Jumlah saham yang di hadiahkan akan disesuaikan dalam hal terdapat hak memesan efek terlebih dahulu (*right issue),* penerbitan saham bonus dan pemecahan saham.

Unblocked Share Program-executive level berlaku bagi Direksi, Dewan Komisaris dan Manajemen Senior Perusahaan.

Unblocked Share Program-senior management level berlaku untuk Manajemen Senior Perusahaan yang bekerja di Perusahaan atau diperbantukan pada entitas anak Grup.

b. Program Bagi Hasil Karyawan (ESAP)

ESAP berlaku untuk karyawan Perusahaan atau PT Medco E & P Indonesia ("MEPI") yang memenuhi syarat, baik mereka yang bekerja di Perusahaan atau MEPI, entitas anak yang dimiliki sepenuhnya atau yang diperbantukan pada entitas anak atau entitas asosiasi Grup.

31. ADDITIONAL PAID-IN CAPITAL AND SHARE-BASED PAYMENT (continued)

Share-Based Payment

The program involves different types of share-based compensation which can only be settled by equity (i.e.: the treasury shares held by the Company). The types of share-based compensation are as follows:

a. Management Shares Award Program (MSAP)

Blocked Share Program is applicable for Board of Directors and Senior Management of the Company. The number of shares awarded will be adjusted in case there is rights issue, bonus shares issue and stock split.

Unblocked Share Program-executive level is applicable for Board of Directors, Board of Commissioners and Senior Management of the Company.

Unblocked Share Program-senior management level is applicable for the Company's senior management who are working at the Company or seconded to the Group's subsidiaries.

b. Employee Shares Award Program (ESAP)

ESAP is applicable for the eligible employees of the Company and PT Medco E & P Indonesia ("MEPI"), wholly owned subsidiary, who are working in either the Company or seconded to other subsidiaries or affiliates of the Group based on certain criteria.

31. TAMBAHAN MODAL DISETOR DAN PEMBAYARAN BERBASIS SAHAM (lanjutan)

31. ADDITIONAL PAID-IN CAPITAL AND SHARE-BASED PAYMENT (continued)

Pembayaran Berbasis Saham (lanjutan)

Share-Based Payment (continued)

Informasi lain mengenai pembayaran berbasis saham adalah sebagai berikut:

Further information relating to share-based payment are as follows:

Penghargaan kepada/ *Awarded to*	Bentuk program/ *Type of Program*	Jumlah penghargaan saham/ *Number of Shares Awarded*	Tanggal pemberian/ *Grant Date*	Tanggal vest/ *Vesting Date*
Manajemen/*Management* *Management Share Award Program*	*Blocked Share*	25.000.000 saham/ *25,000,000 shares*	29 Juni 2016/ *June 29, 2016*	31 Desember 2019/ *December 31, 2019*
	Blocked Share	33.500.000 saham/ *33,500,000 shares*	12 Desember 2017/ *December 12, 2017*	31 Desember 2019/ *December 31, 2019*
	Blocked Share	1.650.000 saham/ *1,650,000 shares*	21 May 2018/ *May 21, 2018*	15 Oktober 2020/ *October 15, 2020*
Manajemen/*Management* *Management Share Award Program*	*Unblocked Share – Executive level*	6.912.500 saham/ *6,912,500 shares*	21 Juni 2017/ *June 21, 2017*	Vest pada tanggal pemberian/ *Vested immediately*
	Unblocked Share – Executive level	3.350.000 saham/ *3,350,000 shares*	12 Desember 2017/ *December 12, 2017*	Vest pada tanggal pemberian/ *Vested immediately*
	Unblocked Share – Executive level	12.640.900 saham/ *12,640,900 shares*	21 May 2018/ *May 21, 2018*	Vest pada tanggal pemberian/ *Vested immediately*
	Unblocked Share – Senior management level	880.500 saham/ *880,500 shares*	8 Agustus 2017/ *August 8, 2017*	Vest pada tanggal pemberian/ *Vested immediately*
	Unblocked Share – Senior management level	7.906.000 saham/ *7,906,000 shares*	21 May 2018/ *May 21, 2018*	Vest pada tanggal pemberian/ *Vested immediately*
	Unblocked Share – Senior management level	333.800 saham/ *333,800 shares*	13 Juli 2018/ *July 13, 2018*	Vest pada tanggal pemberian/ *Vested immediately*
Karyawan/*Employee* *Employee Share Award Program*		20.247.080 saham setelah di kurangi oleh pembatalan sebanyak 863.250 saham/ *20,247,080 shares after deduction of cancellation amounting to 863,250 shares*	28 Juli 2017/ *July 28, 2017*	Vest dalam tiga tahapan:/ *Vests in three phases:* Tahap 1 : 1 Juni 2018/ *Phase 1 : June 1, 2018* Tahap 2 : 1 Juni 2019/ *Phase 2 : June 1, 2019* Tahap 3 : 1 Juni 2020/ *Phase 3 : June 1, 2020*
		21.853.300 saham/ setelah di kurangi oleh pembatalan sebanyak 206.850 saham/ *21,853,300 shares after deduction of cancellation amounting to 206,850 shares*	19 Juli 2018/ *July 19, 2018*	Vest dalam tiga tahapan:/ *Vests in three phases:* Tahap 1 : 1 Juni 2019/ *Phase 1 : June 1, 2019* Tahap 2 : 1 Juni 2020/ *Phase 2 : June 1, 2020* Tahap 3 : 1 Juni 2021/ *Phase 3 : June 1, 2021*

31. TAMBAHAN MODAL DISETOR DAN PEMBAYARAN BERBASIS SAHAM (lanjutan)

31. ADDITIONAL PAID-IN CAPITAL AND SHARE-BASED PAYMENT (continued)

Pembayaran Berbasis Saham (lanjutan)

Share-Based Payment (continued)

Beban yang diakui pada tahun pelaporan adalah sebagai berikut:

The expenses recognized for the each year are as follows:

	2018	2017	2016	
Management Share Award Program				*Management Share Award Program*
- *Blocked share*	1.831.403	1.198.215	-	*Blocked share-*
- *Unblocked share - executive level*	1.110.180	1.399.050	-	*Unblocked share- executive level*
- *Unblocked share - senior management level*	716.542	172.553	-	*Unblocked share- senior management level*
Employee Share Award Program	884.168	363.864	-	*Employee Share Award Program*
Jumlah	**4.542.293**	**3.133.682**	**-**	***Total***

32. DAMPAK PERUBAHAN TRANSAKSI EKUITAS ENTITAS ANAK/ENTITAS ASOSIASI

32. EFFECTS OF CHANGES IN EQUITY TRANSACTIONS OF SUBSIDIARIES/ ASSOCIATES

Pada tanggal 31 Desember 2016, akun ini terutama merupakan akun "selisih harga perolehan atas aset neto yang diperoleh" dari PT Medco Power Indonesia ("MPI"), entitas asosiasi, sehubungan dengan tambahan kepemilikan di entitas anak MPI.

As of December 31, 2016, this account mainly represents "excess of purchase price over net assets acquired" of PT Medco Power Indonesia ("MPI"), an associate, in relation to the additional equity interest in MPI's subsidiaries.

33. PENJUALAN DAN PENDAPATAN USAHA LAINNYA

33. SALES AND OTHER OPERATING REVENUES

Rincian penjualan dan pendapatan usaha lainnya yang diperoleh Grup adalah sebagai berikut:

The breakdown of the sales and other operating revenues of the Group is as follows:

a. Berdasarkan jenis pendapatan

a. By nature of revenues

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Penjualan minyak dan gas neto	980.150.245	834.614.358	554.852.026	*Net oil and gas sales*
Penjualan tenaga listrik dan jasa terkait lainnya	235.856.950	67.500.171	-	*Electric power sales and revenue from related services*
Pendapatan dari jasa	2.244.353	2.998.923	7.009.841	*Revenue from services*
Jumlah	**1.218.251.548**	**905.113.452**	**561.861.867**	***Total***

33. PENJUALAN DAN PENDAPATAN USAHA LAINNYA (lanjutan) / *SALES AND OTHER OPERATING REVENUES (continued)*

b. Berdasarkan pelanggan / *By customer*

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Pelanggan dalam negeri	517.065.699	283.495.647	259.937.131	*Local customers*
Pelanggan luar negeri	701.185.849	621.617.805	301.924.736	*Foreign customers*
Jumlah	**1.218.251.548**	**905.113.452**	**561.861.867**	***Total***

Rincian pendapatan dari pelanggan yang melebihi 10% dari jumlah pendapatan yang dilaporkan berasal dari:

The details of revenues from customers which exceeded 10% of the total revenues, are as follows:

	2018	2017	2016	
Lukoil Asia Pacific Pte Ltd	331.961.713	157.141.114	-	*Lukoil Asia Pacific Pte Ltd*
PT Perusahaan Listrik Negara (Persero)	256.354.075	88.478.888	103.017.647	*PT Perusahaan Listrik Negara (Persero)*
Sembcorp Gas Pte Ltd	160.300.490	134.419.361	14.988.441	*Sembcorp Gas Pte Ltd*
PT Donggi Senoro LNG	153.351.235	88.506.857	78.079.292	*PT Donggi Senoro LNG*
Petroleum Development Oman LLC	92.790.134	81.991.804	93.571.502	*Petroleum Development Oman LLC*
Petro Diamond Singapore Pte Ltd	69.956.107	168.297.574	148.908.594	*Petro Diamond Singapore Pte Ltd*
Jumlah	**1.064.713.754**	**718.835.598**	**438.565.476**	***Total***

34. BEBAN POKOK PENJUALAN DAN BIAYA LANGSUNG LAINNYA / *COST OF SALES AND OTHER DIRECT COSTS*

Grup mempunyai beban-beban sebagai berikut dalam mengoperasikan, memproses dan menjual produk dan jasanya:

The Group incurred the following costs to operate, process and sell its products and services:

a. Biaya Produksi dan *Lifting* / *Production and Lifting Costs*

Akun ini terdiri dari: / *This account consists of:*

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Biaya overhead operasi lapangan	136.631.713	93.330.201	70.940.270	*Field operations overhead*
Biaya kontrak minyak dan gas bumi	43.606.307	54.345.205	73.462.852	*Cost of oil and gas contracts*
Operasi dan pemeliharaan	11.543.978	33.608.210	36.693.582	*Operations and maintenance*
Biaya pipa dan transportasi	5.961.206	3.533.142	959.146	*Pipeline cost and transportation fees*
Pendukung operasi	5.591.779	7.445.561	8.141.751	*Operational support*
Jumlah	**203.334.983**	**192.262.319**	**190.197.601**	***Total***

34. BEBAN POKOK PENJUALAN DAN BIAYA LANGSUNG LAINNYA (lanjutan) / *COST OF SALES AND OTHER DIRECT COSTS (continued)*

b. Beban Pokok Penjualan Tenaga Listrik dan Jasa Terkait Lainnya / *Cost of Electric Power Sales and Related Services*

Akun ini terdiri dari : / *This account consists of :*

	2018	2017	2016	
Biaya konstruksi	82.990.224	21.502.791	-	*Construction costs*
Biaya produksi listrik	46.295.113	12.650.135	-	*Electricity production costs*
Gaji dan imbalan dan beban perawatan	5.043.378	6.407.791	-	*Salaries and benefits and maintenance services*
Jumlah	**134.328.715**	**40.560.717**	**-**	***Total***

c. Penyusutan, Deplesi dan Amortisasi / *Depreciation, Depletion and Amortization*

Akun penyusutan, deplesi dan amortisasi, adalah sebagai berikut: / *This account represents depreciation, depletion and amortization for the following:*

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Operasi minyak dan gas bumi	103.547.047	158.550.586	102.780.671	*Oil and gas operations*
Tenaga listrik	4.104.555	612.836	-	*Electric power*
Kontrak lainnya dan jasa terkait	1.139.804	1.414.037	3.545.864	*Other contracts and related services*
Jumlah	**108.791.406**	**160.577.459**	**106.326.535**	***Total***

d. Beban Eksplorasi / *Exploration Expenses*

Akun ini terdiri dari: / *This account consists of:*

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Overhead eksplorasi	6.073.346	5.800.918	6.055.528	*Exploration overhead*
Sumur kering	2.505.213	4.265.547	32.043	*Dry hole*
Jumlah	**8.578.559**	**10.066.465**	**6.087.571**	***Total***

e. Biaya Pembelian Minyak Mentah / *Cost of Crude Oil Purchases*

Akun ini terdiri dari biaya pembelian minyak mentah oleh Grup dari SKK Migas, Tomori E&P Ltd, Camar Resources Canada Inc, PT Medco Daya Natuna (dahulu Medco South Natuna Sea Pte Ltd) dan PT Medco Daya Abadi Lestari. Tidak terdapat pembelian dari satu pihak yang melebihi 10% dari pendapatan untuk tahun yang berakhir pada tanggal 31 Desember 2018, 2017 dan 2016.

This account consists of cost of crude oil purchased by the Group from SKK Migas, Tomori E&P Ltd, Camar Resources Canada Inc, and PT Medco Daya Natuna (formerly Medco South Natuna Sea Pte Ltd) and PT Medco Daya Abadi Lestari. There were no purchases from a single vendor which exceeded 10% of revenues for the years ended December 31, 2018, 2017 and 2016.

35. BEBAN PENJUALAN, UMUM, DAN ADMINISTRASI

35. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Akun ini terdiri dari :

This account consists of :

	2018	2017 (Disajikan kembali *As restated -* Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated -* Catatan/ *Note 38)*	
Umum dan administrasi				*General and administrative*
Gaji, upah dan imbalan kerja lainnya	74.202.879	77.324.612	44.662.549	*Salaries, wages and other employee benefits*
Honorarium profesional	14.596.761	11.914.483	9.138.302	*Professional fees*
Sewa	12.936.350	7.201.140	357.692	*Rental*
Beban kontrak	6.735.041	1.935.217	2.620.103	*Contract charges*
Perawatan dan perbaikan	6.287.959	1.569.724	2.175.560	*Repairs and maintenance*
Jasa	4.593.050	5.144.435	2.398.294	*Service*
Asuransi	2.855.070	1.802.242	597.581	*Insurance*
Pendidikan	2.550.376	1.075.757	279.177	*Education*
Penyusutan (Catatan 16)	1.655.123	1.062.538	1.111.359	*Depreciation (Note 16)*
Peralatan dan perlengkapan kantor	939.694	3.268.953	1.437.255	*Office supplies and equipment*
Transportasi	708.586	1.665.170	824.454	*Transportation*
Penurunan nilai piutang	-	11.268.094	-	*Provision for impairment of receivables*
Lain-lain (masing-masing di bawah AS$1.000.000)	12.400.552	7.893.948	10.949.072	*Others (each below US$1,000,000)*
Sub-jumlah	140.461.441	133.126.313	76.551.398	*Sub-total*
Penjualan				*Selling*
Beban ekspor	10.879.285	10.942.323	11.353.351	*Export expenses*
Perjalanan dinas	4.993.990	2.186.355	1.365.383	*Business travel*
Iklan dan promosi	4.263.188	1.468.331	516.276	*Advertising and promotions*
Beban jamuan	62.888	83.128	13.048	*Entertainment*
Sub-jumlah	20.199.351	14.680.137	13.248.058	*Sub-total*
Jumlah	**160.660.792**	**147.806.450**	**89.799.456**	***Total***

36. PENDAPATAN DAN BEBAN LAIN-LAIN

36. OTHER INCOME AND OTHER EXPENSES

Pendapatan lain-lain untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 terutama merupakan imbalan manajemen terkait Perjanjian Operasi Bersama Medco E & P Natuna Ltd (Catatan 47).

Other income for the year ended December 31, 2018 and 2017 mainly represents management fees related to Joint Operating Agreement of Medco E & P Natuna Ltd (Note 47).

Pendapatan lain-lain untuk tahun yang berakhir pada tanggal 31 Desember 2016 terutama berasal dari penerimaan kas atas penggantian PPN sebesar AS$5,7 juta.

Other income for the year ended December 31, 2016 mainly consists of receipt of VAT reimbursement amounting to US$5.7 million.

Beban lain-lain untuk tahun yang berakhir pada tanggal 31 Desember 2018 terutama merupakan kerugian dari selisih nilai tukar sedangkan beban lain-lain untuk tahun yang berakhir pada tanggal 31 Desember 2017 terutama berasal dari terkait denda atas kewajiban pajak atas *First Tranche Petroleum* (Catatan 23b).

Other expense for the year ended December 31, 2018 mainly represents loss on foreign exchange while the other expense for the year ended December 31, 2017 mainly consists of penalty from tax payable on First Tranche Petroleum (Note 23b).

37. PERPAJAKAN / *37. TAXATION*

a. Beban pajak Perusahaan dan entitas anak terdiri dari sebagai berikut:

a. Income tax expense of the Company and subsidiaries consists of the following:

	2018	2017	2016	
Operasi yang dilanjutkan				*Continuing Operations*
Beban pajak kini				*Current income tax expense*
Perusahaan	-	(1.900.590)	-	*The Company*
Entitas anak	(147.330.594)	(130.113.148)	(46.987.592)	*Subsidiaries*
Sub-jumlah	(147.330.594)	(132.013.738)	(46.987.592)	*Sub-total*
Manfaat (beban) pajak tangguhan				*Deferred tax benefit (expense)*
Perusahaan	(398.230)	(762.959)	7.840.610	*The Company*
Entitas anak	(48.752.166)	(5.316.765)	(22.410.128)	*Subsidiaries*
Sub-jumlah	(49.150.396)	(6.079.724)	(14.569.518)	*Sub-total*
Jumlah Beban Pajak dari Operasi yang Dilanjutkan	**(196.480.990)**	**(138.093.462)**	**(61.557.110)**	***Total Income Tax Expense From Continuing Operations***

b. Pajak Kini

Rekonsiliasi antara laba sebelum beban pajak penghasilan dari operasi yang dilanjutkan menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laba kena pajak (rugi fiskal) Perusahaan adalah sebagai berikut:

b. Current Income Tax

A reconciliation between profit before income tax expense from continuing operations per consolidated statements of profit or loss and other comprehensive income and the Company's taxable income (tax loss) is as follows:

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Laba konsolidasian sebelum beban pajak penghasilan dari operasi yang dilanjutkan	198.836.390	293.503.583	383.150.408	*Consolidated profit before income tax expense from continuing operations*
Penyesuaian konsolidasi	(17.709.280)	(16.134.548)	(486.059.980)	*Consolidation adjustment*
Laba sebelum beban pajak penghasilan entitas anak	(388.569.111)	(386.094.674)	(7.856.939)	*Profit before income tax expense of subsidiaries*
Rugi sebelum pajak - Perusahaan	(207.442.001)	(108.725.639)	(110.766.511)	*Loss before income tax - the Company*
Pendapatan dividen dari entitas anak	148.065.988	2.465.660	3.000.000	*Dividend income from subsidiaries*
Jumlah rugi sebelum pajak - Perusahaan	(59.376.013)	(106.259.979)	(107.766.511)	*Loss before income tax - the Company*
Perbedaan temporer				***Temporary differences***
Bagian rugi dari entitas asosiasi dan ventura bersama	66.740.666	36.951.761	27.099.651	*Share of net loss of associates and joint venture*
Imbalan kerja	2.318.699	(450.696)	2.608.800	*Employee benefits*
Kerugian surat berharga yang belum direalisasikan	961.896	108.680	31.362.437	*Unrealized loss on marketable securities*
Penyusutan aset tetap	(31.306)	(182.168)	77.536	*Depreciation of property, plant and equipment*
Pembayaran berbasis saham	(2.750.280)	1.431.120	-	*Share-based payment*

37. PERPAJAKAN (lanjutan)

b. Pajak Kini (lanjutan)

Rekonsiliasi antara laba sebelum beban pajak penghasilan dari operasi yang dilanjutkan menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laba kena pajak (rugi fiskal) Perusahaan adalah sebagai berikut (lanjutan):

37. TAXATION (continued)

b. Current Income Tax (continued)

A reconciliation between profit before income tax expense from continuing operations per consolidated statements of profit or loss and other comprehensive income and the Company's taxable income (tax loss) is as follows (continued):

	2018	2017 (Disajikan kembali *As restated - Catatan/ Note 38)*	2016 (Disajikan kembali *As restated - Catatan/ Note 38)*	
Perbedaan tetap				***Permanent differences***
Beban yang tidak dapat dikurangkan	43.976.469	9.171.554	7.632.512	*Non-deductible expenses*
Pendapatan bunga	37.784.385	61.039.140	-	*Interest income*
Kerugian diliusi atas investasi jangka panjang	19.073.814	-	-	*Loss on dilution of long-term investment*
Imbalan kerja lainnya	9.798.935	4.157.969	-	*Other employee benefits*
Pendapatan tidak kena pajak	-	-	-	*Non-taxable income*
Pendapatan yang dikenai pajak final	(854.618)	(402.870)	(502.467)	*Income subjected to final income tax*
Dividen kas	(148.065.988)	(2.465.660)	(3.000.000)	*Cash dividends*
Lain-lain	14.797.777	4.503.512	-	*Others*
Laba kena pajak (Rugi fiskal) tahun berjalan - Perusahaan	**(15.625.564)**	**7.602.363**	**(42.488.042)**	***Taxable income (tax loss) for the year - the Company***
Rugi fiskal tahun lalu	-	(42.488.042)	(125.940.002)	*Prior year tax losses*
Penyesuaian	-	42.488.042	-	*Adjustment*
Rugi fiskal yang kadaluwarsa	-	-	125.940.002	*Expired tax loss*
Laba kena pajak (Rugi fiskal kumulatif) - Perusahaan	**(15.625.564)**	**7.602.363**	**(42.488.042)**	***Taxable income (Cummulative tax loss) - the Company***
Beban pajak tahun berjalan	**-**	**(1.900.590)**	**-**	***Income tax expense for year***
Dikurangi pembayaran pajak Penghasilan di muka pasal 23 dan 25	2.018.072	1.604.698	-	*Less prepayment of income tax article 23 and 25*
Kelebihan Pajak Penghasilan Badan (utang) pasal 29	**2.018.072**	**(295.892)**	**-**	***Overpayment of Corporate income tax (payable) article 29***

Jumlah rugi fiskal Perusahaan untuk tahun 2018, sesuai dengan perhitungan di atas akan dilaporkan oleh Perusahaan dalam Surat Pemberitahuan Tahunan ("SPT") PPh badan tahun 2018 ke Kantor Pajak.

The amount of the Company's tax loss for the year 2018, as stated in the above, will be reported by the Company in its 2018 annual tax return ("SPT") to be submitted to the Tax Office.

Jumlah rugi fiskal Perusahaan tahun 2017 dan 2016 yang disajikan di atas sama dengan yang dilaporkan pada akhir tahun oleh Perusahaan dalam Surat Pemberitahuan Tahunan ("SPT") PPh Badan ke Kantor Pajak.

The amount of the Company's tax loss for the years 2017 and 2016, as stated in the above, is the same with that reported by the Company in its annual income tax return ("SPT") submitted to the Tax Office.

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

c. Pajak Tangguhan / *c. Deferred Tax*

	2018					
	31 Desember 2017/ *December 31, 2017*	**Penambahan dari akuisisi/ *Additions from acquisition***	**Aset/liabilitas pajak tangguhan atas entitas anak yang diklasifikasikan sebagai dimiliki untuk dijual dan operasi yang dihentikan/ *Deferred tax assets/liabilities of subsidiaries classified as held for sale and discontinued operations***	**Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ *Charged (credited) to consolidated statement of profit or loss and other comprehensive income***	**31 Desember 2018/ *December 31, 2018***	
Perusahaan						***The Company***
Aset Pajak Tangguhan						***Deferred Tax Assets***
Liabilitas imbalan kerja	(112.674)	-	-	(507.830)	395.156	*Employee benefit liabilities*
Liabilitas Pajak Tangguhan						***Deferred Tax Liabilities***
Beda temporer atas investasi pada entitas anak yang dicatat sebagai aset tersedia untuk dijual	(2.330.331)	-	-	1.749.103	(4.079.434)	*Temporary difference from investment in subsidiaries which were classified as assets held for sale*
Keuntungan yang belum direalisasikan atas surat berharga	(289.296)	-	-	(240.474)	(48.822)	*Unrealized income on marketable securities*
Penyesuaian nilai wajar investasi pada entitas anak/ entitas asosiasi	(34.986.549)	-	-	(2.012.264)	(32.974.285)	*Fair value adjustment of investment in subsidiaries/ associates*
Pembayaran berbasis saham	357.780	-	-	687.570	(329.790)	*Share-based payment*
Lainnya	(7.078.886)	-	-	793.970	(7.872.856)	*Others*
Sub-jumlah	(44.327.282)	-	-	977.905	(45.305.187)	*Sub-total*
Liabilitas Pajak Tangguhan - Perusahaan	(44.439.956)	-	-	470.075	(44.910.031)	*Deferred Tax Liabilities - the Company*
Beban Pajak Tangguhan dari Pendapatan Komprehensif Lain - Perusahaan				(71.845)		*Deferred Tax Expense from Other Comprehensive Income - the Company*
Beban Pajak Tangguhan - Perusahaan				398.230		*Deferred Tax Expense the Company*
Aset Pajak Tangguhan - entitas anak	89.751.633	-	-	(774.195)	90.525.828	*Deferred Tax Assets - subsidiaries*
Liabilitas Pajak Tangguhan - entitas anak	(92.286.286)	-	1.643.000	52.957.985	(143.601.271)	*Deferred Tax Liabilities subsidiaries*
Aset Pajak Tangguhan - Grup - Neto	89.751.633	-	-	(774.195)	90.525.828	*Net Deferred Tax Assets - the Group - Net*
Liabilitas Pajak Tangguhan - Grup - Neto	(136.726.242)	-	1.643.000	53.428.060	(188.511.302)	*Net Deferred Tax Liabilities - the Group - Net*
Jumlah Beban Pajak Tangguhan Grup				**52.653.865**		***Total Deferred Tax Expense of the Group***
Beban Pajak Tangguhan dari pendapatan komprehensif lain				**(5.721.487)**		***Deferred Tax Expense from other comprehensive income***
Dampak selisih kurs				**2.218.018**		***Effect of foreign exchange rate***
Beban Pajak Tangguhan Neto dari Operasi yang Dilanjutkan				**49.150.396**		***Net Deferred Tax Expense from Continuing Operations***

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

c. Pajak Tangguhan (lanjutan) / *c. Deferred Tax (continued)*

	2017 (Disajikan kembali - Catatan 38/ *As restated - Note 38)*					
	31 Desember 2016/ *December 31, 2016*	**Penambahan dari akuisisi/ *Additions from acquisition***	**Aset/liabilitas pajak tangguhan atas entitas anak yang diklasifikasikan sebagai dimiliki untuk dijual dan operasi yang dihentikan/ *Deferred tax assets/liabilities of subsidiaries classified as held for sale and discontinued operations***	**Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ *Charged (credited) to consolidated statement of profit or loss and other comprehensive income***	**31 Desember 2017/ *December 31, 2017***	
Perusahaan						***The Company***
Aset Pajak Tangguhan						***Deferred Tax Assets***
Pembayaran berbasis saham	-	-	-	(357.780)	357.780	*Share-based payment*
Liabilitas Pajak Tangguhan						***Deferred Tax Liabilities***
Beda temporer atas investasi pada entitas anak yang dicatat sebagai aset tersedia untuk dijual	-	-	-	2.330.331	(2.330.331)	*Temporary difference from investment in subsidiaries which were classified as assets held for sale*
Keuntungan yang belum direalisasikan atas surat berharga	(316.466)	-	-	(27.170)	(289.296)	*Unrealized income on marketable securities*
Liabilitas imbalan kerja	-	-	-	112.674	(112.674)	*Employee benefit liabilities*
Penyesuaian nilai wajar investasi pada entitas anak/ entitas asosiasi	(20.052.468)	(22.424.626)	-	(7.490.545)	(34.986.549)	*Fair value adjustment of investment in subsidiaries/ associates*
Lainnya	-	-	-	7.078.886	(7.078.886)	*Others*
Sub-jumlah	(20.368.934)	(22.424.626)	-	2.004.176	(44.797.736)	*Sub-total*
Liabilitas Pajak Tangguhan - Perusahaan	(20.368.934)	(22.424.626)	-	1.646.396	(44.439.956)	*Deferred Tax Liabilities - the Company*
Beban Pajak Tangguhan dari Pendapatan Komprehensif Lain - Perusahaan				(883.437)		*Deferred Tax Expense from Other Comprehensive Income - the Company*
Beban Pajak Tangguhan - Perusahaan				762.959		*Deferred Tax Expense the Company*
Aset Pajak Tangguhan - entitas anak	90.359.085	20.620.505	52.239	21.280.196	89.751.633	*Deferred Tax Assets - subsidiaries*
Liabilitas Pajak Tangguhan - entitas anak	(84.349.547)	(24.405.930)	-	(16.469.191)	(92.286.286)	*Deferred Tax Liabilities subsidiaries*
Aset Pajak Tangguhan - Grup - Neto	90.359.085	20.620.505	52.239	21.280.196	89.751.633	*Net Deferred Tax Assets - the Group - Net*
Liabilitas Pajak Tangguhan - Grup - Neto	(104.718.481)	(46.830.556)	-	(14.822.795)	(136.726.242)	*Net Deferred Tax Liabilities - the Group - Net*
Jumlah Beban Pajak Tangguhan Grup				**6.457.401**		***Total Deferred Tax Expense of the Group***
Beban Pajak Tangguhan dari pendapatan komprehensif lain				**(768.786)**		***Deferred Tax Expense from other comprehensive income***
Dampak selisih kurs				**315.709**		***Effect of foreign exchange rate***
Direklasifikasi ke Operasi yang dihentikan (Catatan 38)				**75.400**		***Reclassified to discontinued operation (Note 38)***
Beban Pajak Tangguhan Neto dari Operasi yang Dilanjutkan				**6.079.724**		***Net Deferred Tax Expense from Continuing Operations***

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

c. Pajak Tangguhan (lanjutan) / *c. Deferred Tax (continued)*

	2016 (Disajikan kembali - Catatan 38/ *As restated - Note 38)*					
	31 Desember 2015/ *December 31, 2015*	**Penambahan dari akuisisi/ *Additions from acquisition***	**Aset/liabilitas pajak tangguhan atas entitas anak yang diklasifikasikan sebagai dimiliki untuk dijual dan operasi yang dihentikan/ *Deferred tax assets/liabilities of subsidiaries classified as held for sale and discountinued operation***	**Dibebankan (dikreditkan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ *Charged (credited) to consolidated statement of profit or loss and other comprehensive income***	**31 Desember 2016/ *December 31, 2016***	
Perusahaan						***The Company***
Liabilitas Pajak Tangguhan						***Deferred Tax Liabilities***
Keuntungan yang belum direalisasikan atas surat berharga	(8.157.076)	-	-	(7.840.610)	(316.466)	*Unrealized income on marketable securities*
Penyesuaian nilai wajar investasi pada entitas anak/ entitas asosiasi	(20.052.468)	-	-	-	(20.052.468)	*Fair value adjustment of investment in subsidiaries/ associates*
Sub-jumlah	(28.209.544)	-	-	(7.840.610)	(20.368.934)	*Sub-total*
Liabilitas Pajak Tangguhan - Perusahaan	(28.209.544)	-	-	(7.840.610)	(20.368.934)	*Deferred Tax Liabilities - the Company*
Aset Pajak Tangguhan - entitas anak	31.146.229	53.623.454	(249.238)	(5.838.640)	90.359.085	*Deferred Tax Assets - subsidiaries*
Liabilitas Pajak Tangguhan - entitas anak	(82.321.468)	19.913.080	6.132.743	28.073.902	(84.349.547)	*Deferred Tax Liabilities- subsidiaries*
Aset Pajak Tangguhan - Grup - Neto	31.146.229	53.623.454	(249.238)	(5.838.640)	90.359.085	*Net Deferred Tax Assets - the Group - Net*
Liabilitas Pajak Tangguhan - Grup - Neto	(110.531.012)	19.913.080	6.132.743	20.233.292	(104.718.481)	*Net Deferred Tax Liabilities - the Group - Net*
Jumlah Beban Pajak Tangguhan Grup				**14.394.652**		***Total Deferred Tax Expense of the Group***
Beban Pajak Tangguhan dari pendapatan komprehensif lain				**293.614**		***Deferred Tax Expense from other comprehensive income***
Dampak selisih kurs				**26.446**		***Effect of foreign exchange rate***
Direklasifikasi ke Operasi yang dihentikan (Catatan 38)				**85.052**		***Reclassified to discontinued operation (Note 38)***
Direklasifikasi dari Operasi yang dihentikan (Catatan 38)				**(230.246)**		***Reclassified from discontinued operation (Note 38)***
Beban Pajak Tangguhan Neto dari Operasi Yang Dilanjutkan				**14.569.518**		***Net Deferred Tax Expense from Continuing Operations***

Tidak ada konsekuensi pajak atas beda temporer dari investasi pada entitas anak dan asosiasi Indonesia dengan persentase kepemilikan 25% atau lebih dan Grup tidak bermaksud menjual entitas anak dan entitas asosiasi tersebut di masa depan.

There is no tax consequence for temporary difference from investment in Indonesian subsidiaries and associates with ownership percentage of 25% or above and the Group does not have intention to sell such subsidiaries and associates in the forseeable future.

37. PERPAJAKAN (lanjutan)

c. Pajak Tangguhan (lanjutan)

Pada tanggal 31 Desember 2018, 2017 dan 2016, Grup memiliki rugi fiskal yang dapat dikompensasi dan biaya yang belum terpulihkan masing-masing sebesar AS$120.763.558, AS$163.884.222 dan AS$202.052.165 yang tidak diakui sebagai pajak tangguhannya. Pada tanggal 31 Desember 2018, 2017 dan 2016, aset pajak tangguhan yang tidak diakui tersebut adalah masing-masing sebesar AS$37.726.110, AS$48.504.577 dan AS$58.035.504. Rugi fiskal tersebut terkait kepada entitas anak yang masih mengalami kerugian, belum kadaluwarsa dan tidak dapat digunakan untuk disalinghapuskan dengan penghasilan kena pajak entitas lain dalam Grup dan biaya yang belum terpulihkan terkait atas entitas anak yang bergerak dalam eksplorasi dan produksi minyak dan gas bumi yang dapat terpulihkan melalui penjualan minyak dan gas bumi ketika sudah berproduksi.

Pada tanggal 31 Desember 2018, 2017 dan 2016, Grup memiliki estimasi rugi pajak yang dimanan pajak tangguhan tidak diakui sebagai berikut:

37. TAXATION (continued)

c. Deferred Tax (continued)

As of December 31, 2018, 2017 and 2016, the Group has tax loss carry forwards and unrecovered costs amounting to US$120,763,558, US$163,884,222 and US$202,052,165, respectively, on which deferred tax assets are not recognized. As of December 31, 2018, 2017 and 2016, the unrecognized deferred tax assets amounted to, US$37,726,110, US$48,504,577 and US$58,035,504, respectively. These tax losses relates to subsidiaries which have incurred losses, have not yet expired and may not be used to offset taxable profits elsewhere in the Group and unrecovered costs that relates to subsidiaries involved in oil and gas exploration and production which will be recovered through sales of oil and gas when the production started.

As of December 31, 2018, 2017 and 2016, the Group has an estimated tax losses carry forward where no deferred tax is recognized as follows:

	Tahun kadaluwarsa/ *Expiry year*	**2018**	
Tahun pajak 2018	2023	29.702.863	*2018 fiscal year*
Tahun pajak 2017	2022	19.452.762	*2017 fiscal year*
Tahun pajak 2016	2021	13.749.576	*2016 fiscal year*
Tahun pajak 2015	2020	7.104.359	*2015 fiscal year*
Tahun pajak 2014	2019	11.094.944	*2014 fiscal year*
Jumlah		**81.104.504**	***Total***

	Tahun kadaluwarsa/ *Expiry year*	**2017**	
Tahun pajak 2017	2022	9.708.381	*2017 fiscal year*
Tahun pajak 2016	2021	79.704.712	*2016 fiscal year*
Tahun pajak 2015	2020	10.066.700	*2015 fiscal year*
Tahun pajak 2014	2019	11.940.819	*2014 fiscal year*
Tahun pajak 2013	2018	12.813.497	*2013 fiscal year*
Jumlah		**124.234.109**	***Total***

37. PERPAJAKAN (lanjutan)

c. Pajak Tangguhan (lanjutan)

Pada tanggal 31 Desember 2018, 2017 dan 2016, Grup memiliki estimasi rugi pajak yang dimanan pajak tangguhan tidak diakui sebagai berikut (lanjutan):

37. TAXATION (continued)

c. Deferred Tax (continued)

As of December 31, 2018, 2017 and 2016, the Group has an estimated tax losses carry forward where no deferred tax is recognized as follows (continued):

	Tahun kadaluwarsa/ *Expiry year*	**2016**	
Tahun pajak 2016	2021	132.191.090	*2016 fiscal year*
Tahun pajak 2015	2020	11.578.203	*2015 fiscal year*
Tahun pajak 2014	2019	11.522.733	*2014 fiscal year*
Tahun pajak 2013	2018	7.168.231	*2013 fiscal year*
Jumlah		**162.460.257**	***Total***

d. Rekonsiliasi antara beban pajak dengan hasil perhitungan menggunakan tarif pajak *statutory* yang berlaku atas rugi sebelum beban pajak Perusahaan adalah sebagai berikut:

d. A reconciliation between the income tax expense and the amount computed by applying the statutory tax rate to loss before income tax expense of the Company is as follows:

	2018	**2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)***	**2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)***	
Laba konsolidasian sebelum beban pajak penghasilan dari operasi yang dilanjutkan	198.836.390	293.503.583	383.150.408	*Consolidated profit before income tax expense from continuing operations*
Penyesuaian konsolidasi	(17.709.280)	(16.134.548)	(486.059.980)	*Consolidation adjustment*
Laba sebelum beban pajak penghasilan entitas anak	(388.569.111)	(386.094.674)	(7.856.939)	*Profit before income tax expense of subsidiaries*
Rugi sebelum pajak - Perusahaan	(207.442.001)	(108.725.639)	(110.766.511)	*Loss before income tax - the Company*
Pendapatan dividen dari entitas anak	148.065.988	2.465.660	3.000.000	*Dividend income from subsidiaries*
Jumlah rugi sebelum pajak - Perusahaan	**(59.376.013)**	**(106.259.979)**	**(107.766.511)**	***Loss before income tax - the Company***
Manfaat pajak menggunakan tarif pajak efektif yang berlaku	14.844.003	26.564.995	26.941.628	*Tax benefit using statutory tax rate*
Dampak pajak dari perbedaan tetap	5.872.307	(19.000.911)	(1.032.510)	*Tax effects of permanent differences*
Bagian rugi dari entitas asosiasi dan ventura bersama	(16.685.167)	(9.237.940)	(6.774.913)	*Share of net loss of associates and joint venture*
Aset pajak tangguhan yang tidak diakui	(3.635.403)	6.089.193	(11.293.595)	*Unrecognized deferred tax assets*
Investasi pada entitas luar negeri	(793.970)	(7.078.886)	-	*Investment in foreign country entity*
Manfaat (beban) pajak dari operasi yang dilanjutkan:				*Tax benefit (expense) from continuing operations:*
Perusahaan	(398.230)	(2.663.549)	7.840.610	*The Company*
Entitas anak	(196.082.760)	(135.429.913)	(69.397.720)	*Subsidiaries*
Beban Pajak - Neto	**(196.480.990)**	**(138.093.462)**	**(61.557.110)**	***Tax Expense - Net***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN

PT Medco Downstream Indonesia ("MDI Grup")

Pada tanggal 16 Oktober 2013, Grup mencatat investasinya pada PT Medco Downstream Indonesia ("MDI"), PT Medco LPG Kaji ("MLK"), PT Medco Methanol Bunyu ("MMB"), PT Medco Ethanol ("MEL") dan PT Medco Services Indonesia ("MSI") sebagai bagian dari operasi yang dihentikan, sejalan dengan tujuan dari Grup agar lebih fokus mengembangkan unit usaha dengan lini bisnis minyak dan gas bumi.

Pada tanggal 26 Desember 2018, MSI menandatangi Akta Jual Beli dengan PT AP Investment ("API") untuk membeli 1.319.399.540 saham di dalam PT Amman Mineral Internasional ("AMI"), yang mewakili 5,10% dari seluruh modal yang disetor dan ditempatkan penuh atas AMI, dengan harga total Rp1,99 triliun atau setara dengan AS$137,9 juta. Pembelian saham ini dibayarkan dengan mengompensasikan harga pembelian dengan wesel tagih sebesar AS$137,9 juta yang diterbitkan oleh API pada tanggal 1 Januari 2018 (Catatan 7) dan yang kemudian dinovasikan oleh Perusahaan kepada MSI pada tanggal 21 Desember 2018. Transaksi ini telah efektif dan disetujui berdasarkan Akta Notaris No. 47 oleh Martina, S.H., pada tanggal 28 Desember 2018.

Pada tanggal 26 Desember 2018, MSI menandatangani Akta Jual Beli dengan API untuk membeli 956.620.313 saham AMI, yang mewakili 3,70% dari seluruh modal yang disetor dan ditempatkan penuh dalam AMI, dengan jumlah harga Rp1,45 triliun atau setara dengan AS$100 juta. Pada saat yang sama, MSI menandatangani perjanjian opsi pembelian saham dengan API dimana API memiliki opsi untuk membeli kembali saham yang dijual paling lambat tanggal 30 Juni 2019. Di bulan Desember 2018, manajemen memutuskan untuk melepaskan investasinya di MSI (Catatan 54).

PT Exspan Petrogas Intranusa ("EPI")

Pada tanggal 22 Desember 2016, manajemen menyetujui rencana untuk melepas kepemilikannya pada entitas anak, yaitu PT Exspan Petrogas Intranusa ("EPI").

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

PT Medco Downstream Indonesia ("MDI Group")

On October 16, 2013, the Group recorded its investment in PT Medco Downstream Indonesia ("MDI"), PT Medco LPG Kaji ("MLK"), PT Medco Methanol Bunyu ("MMB"), PT Medco Ethanol ("MEL") and PT Medco Services Indonesia ("MSI") as part of discontinued operations, in line with the objective of the Group to focus on the oil and gas business.

On December 26, 2018, MSI signed a Sale and Purchase Deed with API to purchase 1,319,399,540 shares in PT Amman Mineral Internasional ("AMI"), which represents 5.10% from total shares issued and fully paid in AMI, with a total price of Rp1.99 trillion or equivalent to US$137.9 million. This shares purchase has been paid by way of offsetting the purchase price against the Notes Receivable amounting to US$137.9 million which was issued by API on January 1, 2018 (Note 7) and then novated by the Company to MSI on December 21, 2018. This transaction has been effective and approved based on Notarial Deed No. 47 of Martina, S.H., dated December 28, 2018.

Furthermore, other Sale and Purchase Deed with API dated December 26, 2018 was signed to purchase 956,620,313 shares in AMI, which represents 3.70% from total shares issued and fully paid in AMI, with a total price of Rp1.45 trillion or equivalent to US$100 million. At the same time, MSI signed a shares purchase option with API whereby API has the option to buy back those shares previously sold on or before June 30, 2019. In December 2018, management decided to sell its investment in MSI (Note 54).

PT Exspan Petrogas Intranusa ("EPI")

On December 22, 2016, the management approved the plan to dispose of its ownership in subsidiary, namely PT Exspan Petrogas Intranusa ("EPI").

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

PT Exspan Petrogas Intranusa ("EPI") (lanjutan)

Pada tanggal 31 Desember 2017, manajemen memutuskan untuk memindahkan klasifikasi PT Exspan Petrogas Intranusa ("EPI") menjadi operasi yang dihentikan. Berdasarkan Resolusi BOD/BOC No. RESO-003/MGT/MEDC/II/2018 tanggal 19 Februari 2018, manajemen memutuskan untuk membatasi operasi EPI hanya pada dua rig yang dikontrak saat ini (Workover Rig 8 dan Drilling Rig 9) dan menutup operasi lainnya yang tersisa. Jika kondisi tidak membaik, manajemen dapat memutuskan untuk menutup EPI setelah menyelesaikan dua kontrak yang tersisa pada pertengahan 2019.

PT Medco Sarana Balaraja dan entitas anak ("MSB Grup") dan PT Medco LNG Indonesia ("MLI")

Pada tanggal 22 Desember 2016, manajemen menyetujui rencana untuk melepas kepemilikannya pada beberapa entitas anak, yaitu PT Medco Sarana Balaraja dan entitas anak ("MSB Grup") dan PT Medco LNG Indonesia ("MLI").

Pada tanggal 30 September 2017, manajemen menghentikan pengklasifikasian PT Medco LNG Indonesia ("MLI"), sebagai aset yang dimiliki untuk dijual karena kriteria dalam PSAK No. 58 tidak lagi terpenuhi. Pembeli potensial yang sebelumnya diharapkan, tidak memberikan kepastian akan terlaksananya transaksi tersebut. Selain itu, pemberi pinjaman proyek PT Donggi Senoro LNG ("DSLNG"), entitas yang sahamnya dimiliki 11,11% oleh MLI, mewajibkan pemegang saham yang ada untuk mempertahankan kepemilikan mereka di DSLNG dan mempertahankan jaminan sampai penyelesaian proyek di DSLNG.

Pada tanggal 31 Desember 2017, manajemen menghentikan pengklasifikasian PT Medco Sarana Balaraja ("MSB"), sebagai aset yang dimiliki untuk dijual karena kriteria dalam PSAK No. 58 tidak lagi terpenuhi. Tidak ada perusahaan jasa keamanan yang sejauh ini diidentifikasi yang menunjukkan minat untuk mengakuisisi MSB. Manajemen masih berusaha untuk mendekati perusahaan jasa keamanan lainnya. Namun, berdasarkan pertimbangan ini, manajemen memutuskan untuk menghentikan klasifikasi MSB sebagai aset yang dimiliki untuk dijual.

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

PT Exspan Petrogas Intranusa ("EPI") (continued)

As of December 31, 2017, the management decided to move the classification of PT Exspan Petrogas Intranusa ("EPI") to discontinued operation. Based on BOD/BOC Resolution of the Company No. RESO-003/MGT/MEDC/II/2018 dated February 19, 2018, management has decided to limit EPI's operation only to the two currently contracted rigs (Workover Rig 8 and Drilling Rig 9) and shut down other remaining operations. If the condition does not improve, management may decide to shut down the whole company upon completion of the two remaining contracts in middle of 2019.

PT Medco Sarana Balaraja and its subsidiaries ("MSB Group") and PT Medco LNG Indonesia ("MLI")

On December 22, 2016, the management approved the plan to dispose of its ownership in certain subsidiaries, namely PT Medco Sarana Balaraja and its subsidiaries ("MSB Group") and PT Medco LNG Indonesia ("MLI").

As of September 30, 2017, the management discontinued the classification of PT Medco LNG Indonesia ("MLI"), as asset held for sale since the criteria in PSAK No. 58 are no longer met. The expected potential buyers no longer showed intention to proceed with the transaction. In addition, PT Donggi Senoro LNG ("DSLNG"), an entity owned 11.11% by MLI, is required by the Project Finance to maintain the owenership of existing shareholders in DSLNG and maintain the guarantee until the project completion in DSLNG.

As of December 31, 2017, the management discontinued the classification of PT Medco Sarana Balaraja ("MSB") as asset held for sale since the criteria in PSAK No. 58 is no longer met. There were no security service companies that showed interest to acquire MSB. Management is still trying to approach other security service companies. However, based on this consideration, management decided to discontinue MSB classification as asset held for sale.

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

PT Api Metra Graha ("AMG")

Pada tanggal 15 Maret 2017, manajemen lebih lanjut menyetujui rencana untuk melepas kepemilikannya di PT Api Metra Graha ("AMG"). Pada tanggal 31 Desember 2017, rencana transaksi dalam proses negosiasi dengan pembeli yang diusulkan dan kemungkinan besar akan selesai paling lambat akhir kuartal pertama tahun 2018.

Pada tanggal 15 Februari 2018, Perusahaan memperoleh *Letter of Interest* dari PT Medco Daya Abadi Lestari ("MDAL") untuk mengakuisisi 100% kepemilikan di AMG dalam dua tahap.

Manajemen memutuskan untuk melakukan perpanjangan periode untuk menyelesaikan penjualan atas aset yang tersedia untuk dijual karena selama periode satu tahun awal timbul keadaan yang sebelumnya tidak dipertimbangkan yang menyebabkan aset tidak lancar yang sebelumnya diklasifikasikan sebagai dimiliki untuk dijual belum terjual sampai dengan akhir 2018. Grup telah mengambil tindakan yang diperlukan untuk merespon keadaan tersebut dengan cara menawarkan aset tersebut secara aktif kepada beberapa pembeli potensial pada tingkat harga yang wajar.

Pada tanggal 28 Desember 2018, Perusahaan dan MDAL menandatangani Perjanjian Jual Beli Saham Bersyarat ("PJBSB") dimana Perusahaan setuju untuk menjual 116.280 lembar saham yang mewakili 51% kepemlikan saham di AMG kepada MDAL seharga AS$163 juta. Penjualan tersebut diselesaikan pada tanggal 29 Maret 2019. Harga pembelian saham akan dibayarkan dalam beberapa tahapan. Tahap pertama sebesar AS$83,1 juta, termasuk novasi atas utang Perusahaan ke AMG, diterima sebelum tanggal 29 Maret 2019. Pembayaran terakhir sebesar AS$79,9 juta akan dikenakan bunga pada tingkat suku bunga 5,85% per tahun sampai pembayaran diterima paling lambat enam bulan setelah tanggal penyelesaian transaksi. Berdasarkan PJBSB, baik MDAL maupun Perusahaan memiliki opsi pertama untuk membeli kepemilikan saham AMG dari pihak lainnya sebelum tanggal 31 Desember 2022.

Perusahaan telah menerima pembayaran uang muka sebesar AS$10 juta dari MDAL terkait dengan transaksi ini pada tanggal 28 Desember 2018. Pada tanggal 31 Desember 2018, pembayaran ini dicatat pada akun "Utang lain-lain" (Catatan 23b).

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

PT Api Metra Graha ("AMG")

On March 15, 2017, the management approved the plan to dispose its ownership in PT Api Metra Graha ("AMG"). As of December 31, 2017, such proposed transaction is in negotiation with proposed buyers and are likely to be concluded at the latest end of 2018 first quarter.

On February 15, 2018, the Company obtained Letter of Interest from PT Medco Daya Abadi Lestari ("MDAL") for the acquisition of 100% ownership in AMG in two phases.

Management decided to extend the period to complete the sale of assets available for sale since during the initial one year period, there are unpredictable situations which resulted the assets held for sale to have not yet been sold until the end of 2018. The Group has taken the necessary actions to respond to the situation by actively offering such assets to several potential buyers at fair market price.

On December 28, 2018, the Company and MDAL signed a Conditional Sale and Purchase Agreement ("CSPA") whereby the the Company agreed to sell 116,280 shares representing 51% shares ownership in AMG to MDAL for US$163 million. The sales was closed on March 29, 2019. The purchase price will be paid in stages. The first consideration of US$83.1 million including the novation of the Company's debt to AMG was received prior to March 29, 2019. The final payment of U$79.9 million will bear interest at a rate of 5.85% per annum until paid no later than six months after the closing date. Under the CSPA, both MDAL and the the Company have the first option to purchase the other party's remaining shares in AMG prior to December 31, 2022.

The Company has received a down payment of US$10 million from MDAL related to this transaction on December 28, 2018. As of December 31, 2018, the payment from MDAL related to this transaction has been recorded as part of "Other Payables" account (Note 23b).

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

PT Api Metra Graha ("AMG") (lanjutan)

Pada tanggal 31 Desember 2018, properti investasi (Gedung The Energy dan Gedung Trada) dengan nilai tercatat sebesar AS$319 juta dijaminkan sebagai jaminan atas pinjaman yang diperoleh dari PT Bank OCBC NISP Tbk (Catatan 47).

Medco Energi USA Inc. dan entitas anaknya

Pada Oktober 2018, manajemen memutuskan untuk melepaskan asetnya di wilayah Amerika Utara. Pada tanggal 9 November 2018, melalui Medco Energi US LLC, manajemen menerima tawaran dari Northstar Offshore Ventures LLC ("Northstar") untuk mengakuisisi hak partisipasi di Main Pass Block 64 dan 65. Jika transaksi divestasi berhasil, Grup akan dapat mendivestasikan satu-satunya aset yang masih beroperasi di wilayah Amerika Utara karena proses *plug and abandon* di aset Kamerun Timur hampir selesai. Mengacu pada fakta-fakta yang disebutkan di atas, manajemen memutuskan untuk mengklasifikasikan aset di Amerika Utara sebagai aset yang dimiliki untuk dijual dan menyajikan kinerja keuangannya sebagai bagian dari operasi yang dihentikan pada tanggal 31 Desember 2018 (Catatan 54).

Medco Tunisia Petroleum Ltd. dan entitas anaknya

Pada Oktober 2018, manajemen memutuskan untuk menghentikan operasi Perusahaan di Tunisia. Pada awal Desember 2018, manajemen telah berkomunikasi secara intens dengan pembeli potensial untuk menegosiasikan perjanjian penjualan dan secara bersamaan melakukan *due diligence* atas aset tersebut. Hal yang didiskusikan dengan calon pembeli merujuk pada penjualan atas entitas anak Grup yang memiliki semua operasi di Tunisia. Penyelesaian transaksi ini akan menghapus kehadiran Grup di Tunisia. Dengan mempertimbangkan bahwa pada saat ini, manajemen tidak memiliki niat untuk melanjutkan atau mencari peluang lain di Tunisia, manajemen memutuskan untuk mengklasifikasikan semua aset di Tunisia sebagai aset yang dimiliki untuk dijual dan menyajikan kinerja keuangannya sebagai bagian dari operasi yang dihentikan pada tanggal 31 Desember 2018. Pada tanggal penyelesaian laporan keuangan konsolidasian ini, manajemen masih dalam proses diskusi dengan pembeli potensial tersebut terkait dengan persyaratan administrasi dan peraturan mereka.

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

PT Api Metra Graha ("AMG") (continued)

As of December 31, 2018, the investment properties (The Energy Building and Trada Building) with carrying value of US$319 million are pledged as collateral to the loans from PT Bank OCBC NISP Tbk (Note 47).

Medco Energi USA Inc, and its subsidiaries

In October 2018, management decided to divest its assets on North America region. On November 9, 2018, through Medco Energi US LLC, the management received an offer from Northstar Offshore Ventures LLC ("Northstar") for the acquisition of working interest in Main Pass Blocks 64 and 65. Should the transaction work through, the Group will be able to divest the only asset in operation within North America region as East Cameroon asset is in near completion for its plug and abandonment process. Referred to the above mentioned facts, management decided to classify its North America asset as held for sale asset and present its financial performance as part of discontinued operations as of December 31, 2018 (Note 54).

Medco Tunisia Petroleum Ltd. and its subsidiaries

In October 2018, management decided to discontinue the Company's operation in Tunisia. By early December 2018, management has been communicating intensely with a potential buyer to negotiate the sale agreement while simultaneous performing due diligence on the asset. The terms discussed with the potential buyer refer to the sale of the Group's subsidiary that owned all of the operations in Tunisia. The completion of the transaction will remove Group's presence in Tunisia. Considering that at the present time, management has no intention to continue or seek another opportunity in Tunisia, management decided to classify all the Tunisia asset as held for sale asset and present its financial performance as part of discontinued operations as of December 31, 2018. As of the completion date of these consolidated financial statements, management is still in discussion process with the potential buyer related to their administrative and regulatory requirements.

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

Medco Tunisia Petroleum Ltd. dan entitas anaknya (lanjutan)

Untuk tahun yang berakhir pada tanggal 31 Desember 2018, Grup mengakui kerugian atas pengukuran nilai wajar aset dikurangi biaya untuk menjual sebesar AS$3,72 juta terkait dengan rencana Grup untuk menjual Medco Tunisia Petroleum Ltd. dan entitas anaknya.

PT Medco Energi Mining Internasional dan entitas anak ("MEMI Grup")

Pada tanggal 22 Desember 2016, manajemen menyetujui rencana untuk melepas kepemilikannya pada entitas anak yaitu PT Medco Energi Mining Internasional dan entitas anak ("MEMI Grup").

Pada tanggal 28 Juni 2018, Perusahaan telah menandatangani *Head of Agreements* dengan MDAL yang menyatakan bahwa penjualan atas MEMI dan MII Grup merupakan suatu transaksi yang integral dan tidak terpisahkan.

Pada tanggal 29 Juni 2018, Perusahaan menandatangani Perjanjian Jual Beli Saham Bersyarat ("PJBS") dengan PT Medco Daya Abadi Lestari ("MDAL"). Perusahaan akan menjual 99,96% saham PT Medco Energi Mining Internasional ("MEMI") kepada MDAL. Pada tanggal 29 Juni 2018, PT Medco Energi Nusantara ("MEN") menandatangani PJBS dengan PT Bahtera Daya Makmur ("BDM"). MEN akan menjual 0,04% saham MEMI kepada BDM. Penyelesaian transaksi ini bergantung kepada pemenuhan kondisi-kondisi tertentu sebagaimana dicantumkan dalam PJBS.

Pada tanggal 30 September 2018, Perusahaan, MDAL, MEN, dan BDM menandatangani Amandemen atas CSPA tanggal 29 Juni 2018 untuk mengubah tanggal terakhir untuk *closing date* dari tanggal 30 September 2018 menjadi tanggal 30 November 2018. Selanjutnya, tanggal *closing* diperpanjang sampai dengan tanggal 31 Desember 2018.

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Medco Tunisia Petroleum Ltd. and its subsidiaries (continued)

For the year ended December 31, 2018, the Group recognized loss on fair value less costs to sell amounting to US$3.72 million related to the intention of the Group to sell Medco Tunisia Petroleum Ltd. and its subsidiaries.

PT Medco Energi Mining Internasional and its subsidiaries ("MEMI Group")

On December 22, 2016, the management approved the plan to dispose its ownership in subsidiary, namely PT Medco Energi Mining Internasional and its subsidiaries ("MEMI Group").

On June 28, 2018, the Company signed the Head of Agreements with MDAL which stipulates that the sale of MEMI and MII Group is considered as an integral and inseparable transaction.

On June 29, 2018, the Company signed a Conditional Share Sale and Purchase Agreement ("CSPA") with PT Medco Daya Abadi Lestari ("MDAL"). The Company will sell 99.96% shares of PT Medco Energi Mining International ("MEMI") to MDAL. On June 29, 2018, PT Medco Energi Nusantara ("MEN") signed CSPA with PT Bahtera Daya Makmur ("BDM"). MEN will sell 0.04% shares of MEMI to BDM. The settlement of this transaction is based on the fulfilment of terms and condition on the CSPA.

On September 30, 2018, the Company, MDAL, MEN, and BDM signed Amendment to CSPA dated June 29, 2018 to change the latest closing date from September 30, 2018 to November 30, 2018. Subsequently, the closing date was extended until December 31, 2018.

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

PT Medco Energi Mining Internasional dan entitas anak ("MEMI Grup") (lanjutan)

Penjualan saham MEMI ini telah mendapat persetujuan berdasarkan Keputusan Sirkuler Para Pemegang saham dengan Akta Notaris No. 25 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 28 Desember 2018 yang menyetujui penjualan saham yang dimiliki oleh Perusahaan sebanyak 106.925.000 lembar saham kepada MDAL. Penjualan saham ini dilanjutkan dengan Akta Notaris No. 27 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 31 Desember 2018 yang menyetujui penjualan saham yang dimiliki oleh Perusahaan sebanyak 111.280.063 lembar saham kepada MDAL dan saham yang dimiliki oleh MEN sebanyak 10.000 lembar saham kepada BDM. Sehingga untuk selanjutnya MEMI tidak lagi menjadi entitas anak Perusahaan.

PT Medco Infrastruktur Indonesia dan entitas anak ("MII Grup") (dahulu PT Medco Gas Indonesia dan entitas anak)

Pada tanggal 22 Desember 2016, manajemen menyetujui rencana untuk melepas kepemilikannya pada entitas anak, yaitu MII Grup.

Pada pertengahan tahun 2017, Perusahaan mengubah rencana penjualan MII dengan rencana pembelian kepemilikan pada PT Mitra Energi Gas Sumatera ("MEGS"), entitas anak MII, mengingat sifat usaha MEGS terkait dengan operasi usaha utama Grup. Sehubungan perubahan rencana tersebut, aset dan liabilitas MEGS diklasfiikasikan kembali pada klasifikasi semula dan hasil usaha diklasifikasikan kembali dari operasi yang dihentikan menjadi operasi yang dilanjutkan. Pada tanggal 14 September 2017, Perusahaan melakukan pembelian 100% saham MEGS dari MGI.

Pada tanggal 28 Juni 2018, Perusahaan telah menandatangani *Head of Agreements* dengan MDAL yang menyatakan bahwa penjualan atas MII dan MEMI Grup merupakan suatu transaksi yang integral dan tidak terpisahkan.

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

PT Medco Energi Mining Internasional and its subsidiaries ("MEMI Group") (continued)

The sale of shares of MEMI has been approved based on Resolution of the Shareholders under Notarial Deed No. 25 by Siti Rumondang Bulan Lubis, SH, M.Kn on December 28, 2018 that approved the sale of 106,925,000 shares owned by the Company to MDAL. This share sale based on with Notarial Deed No. 27 by Siti Rumondang Bulan Lubis, SH, M.Kn on December 31, 2018 approved the sale of 111,280,063 shares owned by the Company to MDAL and 10,000 shares owned by MEN to BDM. Therefore, MEMI is no longer a subsidiary after the sale of shares transaction.

PT Medco Infrastruktur Indonesia and its subsidiaries ("MII Group") (formerly PT Medco Gas Indonesia and its subsidiaries)

On December 22, 2016, the management approved the plan to dispose of its ownership in subsidiary, namely MII Group.

In the middle of 2017, the Company changed its divestment plan of MII with the plan to purchase direct ownership in PT Mitra Energi Gas Sumatera ("MEGS"), a subsidiary of MII, considering that the nature of business of MEGS is related to the Group main business. In relation to such change of plan, assets and liabilities of MEGS are reclassified to its previous classification and its results of operations are re-presented from discontinued operation to continuing operation. On September 14, 2017, the Company purchased 100% of MEGS shares in MGI.

On June 28, 2018, the Company signed the Head of Agreements with MDAL which stipulates that the sale of MII and MEMI Groupis considered as an integral and inseparable transaction.

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

PT Medco Infrastruktur Indonesia dan entitas anak ("MII Grup") (dahulu PT Medco Gas Indonesia dan entitas anak) (lanjutan)

Pada tanggal 29 Juni 2018, Perusahaan menandatangani Perjanjian Jual Beli Saham Bersyarat ("PJBS") dengan PT Medco Daya Abadi Lestari ("MDAL"). Perusahaan akan menjual 99,9% saham dalam MII kepada MDAL. Pada tanggal 29 Juni 2018, PT Medco Energi Nusantara ("MEN") menandatangani PJBS dengan PT Bahtera Daya Makmur ("BDM"). MEN menjual 0,1% saham dalam MII kepada BDM. Penyelesaian transaksi ini bergantung kepada pemenuhan kondisi-kondisi tertentu sebagaimana dicantumkan dalam PJBS.

Pada tanggal 30 September 2018, Perusahaan, MDAL, MEN, dan BDM menandatangani Amandemen atas CSPA tanggal 29 Juni 2018 untuk mengubah tanggal terakhir untuk *closing date* dari tanggal 30 September 2018 menjadi tanggal 30 November 2018. Selanjutnya, tanggal *closing* diperpanjang sampai dengan tanggal 31 Desember 2018.

Penjualan saham MII ini telah mendapat persetujuan berdasarkan Keputusan Sirkuler Para Pemegang saham dengan Akta Notaris No. 26 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 28 Desember 2018 yang menyetujui penjualan saham yang dimiliki oleh Perusahaan sebanyak 490.000 lembar saham kepada MDAL. Penjualan saham ini dilanjutkan dengan Akta Notaris No. 28 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 31 Desember 2018 yang menyetujui penjualan saham yang dimiliki oleh Perusahaan sebanyak 509.000 lembar saham kepada MDAL dan saham yang dimiliki oleh MEN sebanyak 1.000 lembar saham kepada BDM. Sehingga untuk selanjutnya MII tidak lagi menjadi entitas anak Perusahaan.

Transaksi penjualan saham MEMI dan MII Grup merupakan transaksi penjualan bisnis dengan entitas induk, sehingga, selisih antara imbalan yang diterima dengan nilai tercatat sebesar AS$2.312.465 dicatat sebagai bagian dari tambahan modal disetor (Catatan 31). Nilai tercatat MEMI dan MII Grup dan imbalan yang diterima dari transaksi ini masing-masing adalah sebesar AS$19.175.820 dan AS$16.863.355.

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

PT Medco Infrastruktur Indonesia and its subsidiaries ("MII Group") (formerly PT Medco Gas Indonesia and its subsidiaries) (continued)

On June 29, 2018, the Company signed a Conditional Share Sale and Purchase Agreement ("CSPA") with PT Medco Daya Abadi Lestari ("MDAL"). The Company will sell 99.9% shares of MII to MDAL. On June 29, 2018, PT Medco Energi Nusantara ("MEN") signed CSPA with PT Bahtera Daya Makmur ("BDM"). MEN sold 0.1% shares of MII to BDM. The settlement of this transaction is based on the fulfilment of terms and condition on the CSPA.

On September 30, 2018, the Company, MDAL, MEN, and BDM signed Amendment to CSPA dated June 29, 2018 to change the latest closing date from September 30, 2018 to November 30, 2018. Subsequently, the closing date was extended until December 31, 2018.

The sale of shares of MII has been approved based on Resolution of the Shareholders under Notarial Deed No. 26 by Siti Rumondang Bulan Lubis, SH, M.Kn on December 28, 2018 that approved the sale of 490,000 shares owned by the Company to MDAL. This share sale was continued with Notarial Deed No. 28 by Siti Rumondang Bulan Lubis, SH, M.Kn on December 31, 2018 that approved the sale of 509,000 shares owned by the Company to MDAL and 1,000 shares owned by MEN to BDM. Therefore, MII is no longer the Company's subsidiary.

The sale of shares of MEMI and MII Group is sale of business transaction with direct parent, therefore, the difference between consideration receieved with carrying value amounting to US$2,312,465 is recognized as part of additional paid in capital (Note 31). The carrying value of MEMI and MII Group and consideration received is amounting to US$19,175,820 and US$16,863,355, respectively.

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

HyOil Pte Ltd ("Bawean")

Pada tanggal 1 September 2016, Perusahaan menandatangani *Share Sale and Purchase Agreement* (SPA) dengan HyOil ("Bawean") Pte Ltd, untuk melepaskan 100% kepemilikan atas entitas anak, Camar Bawean Petroleum Limited dan Camar Resources Canada Inc (yang dikendalikan melalui perjanjian nominee) (secara kolektif disebut "Bawean"). Bawean memiliki 100% hak partisipasi di blok produksi Bawean. Transaksi ini telah memperoleh persetujuan dari Pemerintah Indonesia pada tanggal 20 Juni 2017. Transaksi ini telah selesai pada tanggal 25 September 2017.

Untuk tahun yang berakhir pada tanggal 31 Desember 2016, Grup mengakui kerugian atas pengukuran nilai wajar aset dikurangi biaya untuk menjual sebesar AS$11,9 juta terkait dengan rencana Grup untuk menjual Bawean.

Kerugian atas pelepasan Bawean adalah sebagai berikut:

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

HyOil Pte Ltd ("Bawean")

On September 1, 2016, the Company signed a Share Sale and Purchase Agreement (SPA) with HyOil (Bawean) Pte Ltd, to divest 100% of ownership in its subsidiaries, Camar Bawean Petroleum Limited and Camar Resources Canada Inc (which are controlled by the nominee agreement) (collectively referred to herein as "Bawean"). Bawean owns 100% operating interest in a producing block, the Bawean Block. This transaction has been approved by the Government of Indonesia on June 20, 2017. This transaction was completed on September 25, 2017.

For the year ended December 31, 2016, the Group recognized loss on fair value less costs to sell amounting to US$11.9 million related to the intention of the Group to sell Bawean.

Loss on disposal of Bawean are presented below:

	Nilai tercatat (AS$)/ *Carrying Value (US$)*	
Jumlah Aset	33.825.823	*Total Assets*
Jumlah Liabilitas	(29.809.536)	*Total Liabilities*
Aset Neto	**4.016.287**	***Net Assets***
Biaya yang terjadi selama tahun berjalan	6.825.023	*Cost incurred during the year*
Jumlah	10.841.310	*Total*
Imbalan pembelian yang diterima	10.821.392	*Purchase consideration received*
Kerugian pelepasan	**(19.918)**	***Loss on disposal***

Akun-akun laporan posisi keuangan utama untuk Bawean pada tanggal 31 Desember 2016 adalah sebagai berikut:

The details of the statement of financial position for Bawean as of December 31, 2016 are presented below:

	2016	
ASET		***ASSETS***
Kas dan setara kas	54.537	*Cash and cash equivalents*
Piutang lain-lain	5.732.127	*Other receivables*
Persediaan	1.143.514	*Inventories*
Beban dibayar di muka	48.460	*Prepaid expenses*
Aset minyak dan gas bumi	38.721.707	*Oil and gas properties*
Aset lain-lain	50.079	*Other assets*
Aset yang dimiliki untuk dijual	45.750.424	*Assets held for sale*
Kerugian atas pengukuran nilai wajar dikurangi biaya untuk menjual	(11.924.603)	*Impairment loss on assets recognized at fair value less cost to sell*
Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual	33.825.821	*Non-current assets held for sale*

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

HyOil Pte Ltd ("Bawean") (lanjutan) / *HyOil Pte Ltd ("Bawean") (continued)*

	2016	
LIABILITAS		***LIABILITIES***
Utang usaha	3.130.322	*Trade payables*
Utang lain-lain	5.498.267	*Other payables*
Utang pajak	221.566	*Taxes payable*
Biaya akrual	1.728.453	*Accrued expenses*
Liabilitas imbalan kerja (Catatan 40)	600.214	*Employee benefits liabilities (Note 40)*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	18.646.999	*Asset abandonment and site restoration obligations and other provisions*
Liabilitas yang secara langsung berhubungan dengan aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual	29.825.821	*Liabilities directly associated with the non-current assets classified as held for sale*
Aset neto yang diklasifikasikan sebagai dimiliki untuk dijual	**4.000.000**	***Net assets held for sale***

Akun-akun laba rugi utama untuk Bawean adalah sebagai berikut: / *The profit and loss accounts for Bawean is presented below:*

	2017	2016	
Penjualan dan pendapatan usaha lainnya	-	5.119.651	*Sales and other operating revenues*
Beban pokok penjualan dan biaya langsung lainnya	(5.773.238)	(6.360.870)	*Cost of sales and other direct costs*
Rugi kotor	**(5.773.238)**	**(1.241.219)**	***Gross loss***
Beban penjualan, umum dan administrasi	(705.151)	(638.789)	*Selling, general and administrative expenses*
Beban pendanaan	(946)	(582.583)	*Finance costs*
Pendapatan bunga	1.541	2.623	*Finance income*
Beban lain-lain	(347.229)	(11.875.606)	*Other expense*
Rugi sebelum beban pajak penghasilan dari aset yang dimiliki untuk dijual	(6.825.023)	(14.335.574)	*Loss before income tax expense from asset held for sale*
Beban pajak penghasilan	-	-	*Income tax expense*
Rugi setelah beban pajak penghasilan dari aset yang dimiliki untuk dijual	**(6.825.023)**	**(14.335.574)**	***Loss after income tax expense from asset held for sale***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

Sehubungan dengan rencana-rencana Grup tersebut di atas, untuk tahun yang berakhir pada tanggal 31 Desember 2018, 2017 dan 2016, Grup menyajikan rugi setelah pajak dari operasi yang dihentikan sebagai suatu jumlah tunggal dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Pada tanggal posisi keuangan periode diklasifikasikannya entitas-enitas tersebut sebagai dimiliki untuk dijual, aset dan liabilitas disajikan dalam jumlah tunggal sebagai aset dan liabilitas yang dimiliki untuk dijual dalam laporan keuangan konsolidasian.

Akun-akun laba rugi utama untuk unit usaha yang dihentikan adalah sebagai berikut:

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

As a result of the above plans, for the years ended December 31, 2018, 2017 and 2016, the Group presented the loss after tax from discontinued operations as a single line item in the consolidated statements of profit or loss and other comprehensive income. As of the financial position date in the particular period when those entities were classified as held for sale, the assets and liabilities were presented as single line item as assets and liabilities held for sale in the consolidated statements of financial position.

The main profit and loss accounts for discontinued business units are presented below:

	2018	2017	2016	
Penjualan dan pendapatan usaha lainnya	84.438.722	76.399.309	67.000.605	*Sales and other operating revenues*
Beban pokok penjualan dan biaya langsung lainnya	(58.184.026)	(57.101.692)	(67.848.765)	*Cost of sales and other direct costs*
Laba (rugi) kotor	26.254.696	19.297.617	(848.160)	*Gross profit (loss)*
Beban penjualan, umum dan administrasi	(11.635.171)	(11.035.641)	(13.435.505)	*Selling, general and administrative expenses*
Beban pendanaan	(8.909.401)	(9.495.188)	(15.737.977)	*Finance costs*
Pendapatan bunga	451.078	1.442.287	377.027	*Finance income*
Bagian laba dari entitas asosiasi	-	-	77.076	*Share of net gain of associated entities*
Kerugian penurunan nilai aset	(23.989.161)	(15.828.998)	(113.193.900)	*Loss on impairment of assets*
Kerugian penjualan aset tetap	(222.459)	(2.424.403)	-	*Loss on disposal of property, plant, and equipment*
Kerugian atas pengukuran nilai wajar dikurangi biaya untuk menjual	(3.721.646)	-	-	*Loss on assets recognized at fair value less cost to sell*
Pajak final	(2.450.185)	(2.809.392)	(2.473.613)	*Final tax*
Pendapatan (beban) lain-lain	(793.643)	(1.357.351)	4.623.987	*Other income (expenses)*
Lainnya - bersih	(2.473.683)	-	7.907.132	*Others - net*
Rugi sebelum beban pajak penghasilan dari operasi yang dihentikan	(27.489.575)	(22.211.069)	(132.703.933)	*Loss before income tax expense from discontinued operations*
Beban pajak penghasilan	(3.238.761)	(1.390.279)	(1.840.386)	*Income tax benefit (expense)*
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan	**(30.728.336)**	**(23.601.348)**	**(134.544.319)**	***Loss after income tax expense from discontinued operations***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Akun-akun laporan posisi keuangan konsolidasian utama untuk unit usaha yang dihentikan pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

The consolidated statements of financial position accounts for discontinued business units as of December 31, 2018, 2017 and 2016 are presented below:

	2018	2017	2016	
ASET				***ASSETS***
Kas dan setara kas	12.968.834	20.724.783	11.988.962	*Cash and cash equivalents*
Rekening bank yang dibatasi penggunaannya	5.008.238	6.785.067	804	*Restricted cash in banks*
Investasi jangka pendek	207.168	221.435	-	*Short-term investment*
Piutang usaha				*Trade receivables*
- Pihak berelasi	1.254.311	673.367	-	*Related parties -*
- Pihak ketiga	9.898.310	5.415.150	11.169.542	*Third parties -*
Piutang lain-lain				*Other receivables*
- Pihak berelasi	101.180	975.951	-	*Related party -*
- Pihak ketiga	4.463.277	19.213.312	40.453.449	*Third parties -*
Persediaan	6.412.306	2.493.137	1.861.545	*Inventories*
Pajak dibayar di muka	2.966.987	2.528.048	3.174.524	*Prepaid taxes*
Beban dibayar di muka	771.049	606.207	139.045	*Prepaid expenses*
Uang muka atas investasi	100.000.000	-	-	*Advance on investment*
Investasi jangka panjang	137.923.011	-	105.061.501	*Long-term investment*
Aset tetap	22.681.251	32.309.184	55.890.144	*Property, plant and equipment*
Properti investasi	350.335.023	349.767.651	-	*Investment properties*
Aset eksplorasi dan evaluasi	9.406.373	225.919	-	*Exploration and evaluation assets*
Aset minyak dan gas bumi	29.319.326	-	-	*Oil and gas properties*
Goodwill	15.220.000	15.220.000	-	*Goodwill*
Aset pajak tangguhan	-	5.355.618	249.238	*Deferred tax assets*
Aset lain-lain	4.535.277	1.779.706	2.540.843	*Other assets*
Aset dari operasi yang dihentikan	713.471.921	464.294.535	232.529.597	*Assets from discontinued operations*
Kerugian atas pengukuran nilai wajar dikurangi biaya untuk menjual	(3.721.646)	-	-	*Loss on assets recognized at fair value less cost to sell*
Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual dan operasi dihentikan	709.750.275	464.294.535	232.529.597	*Non-current assets held for sale and discontinued operations*
Aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual - Aset Bawean	-	-	33.825.821	*Non-current assets held for sale - Bawean's assets*
Jumlah	**709.750.275**	**464.294.535**	**266.355.418**	***Total***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Akun-akun laporan posisi keuangan konsolidasian utama untuk unit usaha yang dihentikan pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut (lanjutan):

The consolidated statements of financial position accounts for discontinued business units as of December 31, 2018, 2017 and 2016 are presented below (continued):

	2018	2017	2016	
LIABILITAS				***LIABILITIES***
Utang usaha				*Trade payables*
- Pihak berelasi	11.157	28.020	15.657	*Related parties -*
- Pihak ketiga	9.759.910	8.767.478	3.564.615	*Third parties -*
Utang lain-lain	9.738.414	6.318.463	216.036	*Other payables*
Utang pajak	2.366.939	3.737.187	1.130.859	*Taxes payable*
Biaya akrual	9.754.325	13.512.530	18.824.449	*Accrued expenses*
Pinjaman bank	130.237.432	141.837.223	-	*Bank loan*
Pinjaman institusi keuangan non-bank	-	17.258.107	-	*Loan from a non-bank financial institution*
Liabilitas pajak tangguhan	7.785.876	4.774.911	6.132.743	*Deferred tax liabilities*
Liabilitas imbalan kerja (Catatan 40)	774.801	1.511.744	1.823.066	*Employee benefit liabilities (Note 40)*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	14.482.198	1.379.121	644.190	*Asset abandonment and site restoration obligations and other provisions*
Uang muka dari pelanggan				*Advances from customers*
- Pihak berelasi	383.626	235.957	-	*Related parties -*
- Pihak ketiga	2.596.342	2.883.788	-	*Third parties -*
Liabilitas yang secara langsung berhubungan dengan aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual dan operasi dihentikan	187.891.020	202.244.529	32.351.615	*Liabilities directly associated with the non-current assets classified as held for sale and discontinued operations*
Liabilitas yang secara langsung berhubungan dengan aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual -Liabilitas Bawean	-	-	29.825.821	*Liabilities directly associated with the non-current assets classified as held for sale - Bawean's liabilities*
Jumlah	**187.891.020**	**202.244.529**	**62.177.436**	***Total***
Aset neto	**521.859.255**	**262.050.006**	**204.177.982**	***Net assets***

Akun-akun laporan arus kas utama untuk unit usaha yang dihentikan adalah sebagai berikut:

The major accounts in the statement of cash flows for discontinued business units are presented below:

	2018	2017	2016	
ARUS KAS				***CASH FLOWS***
Aktivitas operasi	24.342.593	14.402.246	43.210.441	*Operating activities*
Aktivitas investasi	(134.327.203)	(85.714.929)	(22.664.638)	*Investing activities*
Aktivitas pendanaan	(11.629.455)	74.443.838	(22.316.057)	*Financing activities*
Kenaikan (penurunan) neto pada arus kas	**(121.614.065)**	**3.131.155**	**(1.770.254)**	***Net increase (decrease) in cash flows***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Sehubungan dengan penerapan PSAK No. 58, Grup menyajikan kembali akun-akun laba rugi terkait atas operasi Medco Energi USA Inc. dan entitas anak dan Medco Tunisia Petroleum Ltd. dan entitas anak yang sebelumnya disajikan sebagai bagian dari "Operasi yang Dilanjutkan" untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016.

Due to implementation of PSAK No. 58, the Group restated the profit and loss accounts pertaining to the operations of Medco Energi USA Inc. and its subsidiaries and Medco Tunisia Petroleum Ltd. and its subsidiaries which have been previously presented under "Continuing Operations" for the years ended December 31, 2017 and 2016.

Berikut merupakan dampak dari penyajian kembali laporan keuangan konsolidasian yang disebut di atas:

The following are the effects of restatements of consolidated financial statements disclosed above:

	2017			
	Dilaporkan Sebelumnya/ *As Previously Reported*	**Disajikan Kembali/ *Restatement***	**Setelah Disajikan Kembali/ *As Restated***	
Laporan laba rugi dan penghasilan komprehensif lain konsolidasian				***Consolidated statement of profit or loss and other comprehensive income***
Penjualan dan pendapatan usaha lainnya	925.642.880	(20.529.428)	905.113.452	*Sales and other operating revenues*
Beban pokok penjualan dan biaya langsung lainnya	504.908.710	(15.301.815)	489.606.895	*Cost of sales and other direct cost*
Laba kotor	420.734.170	(5.227.613)	415.506.557	*Gross profit*
Beban penjualan, umum dan administrasi	(151.393.243)	3.586.793	(147.806.450)	*Selling, general and administrative expenses*
Beban pendanaan	(140.692.358)	124.172	(140.568.186)	*Finance costs*
Pendapatan bunga	32.312.213	(5.361)	32.306.852	*Finance income*
Pendapatan lain-lain	23.103.239	(457.033)	22.646.206	*Other income*
Laba sebelum beban pajak penghasilan dari operasi yang dilanjutkan	295.482.625	(1.979.042)	293.503.583	*Profit before income tax expense from continuing operations*
Beban pajak penghasilan	(139.833.439)	1.739.977	(138.093.462)	*Income tax expense*
Laba tahun berjalan dari operasi yang dilanjutkan	**155.649.186**	**(239.065)**	**155.410.121**	***Profit for the year from continuing operations***
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan	**(23.840.413)**	**239.065**	**(23.601.348)**	***Loss after income tax expense from discontinued operations***
Laba yang dapat diatribusikan kepada pemilik entitas induk				***Profit attributable to equity holders of the parent company***
Laba tahun berjalan dari operasi yang dilanjutkan	150.938.063	(239.065)	150.698.998	*Profit for the year from continuing operations*
Rugi tahun berjalan dari operasi yang dihentikan	(23.840.413)	239.065	(23.601.348)	*Loss for the year from discontinued operations*
Jumlah rugi komprehensif yang dapat diatribusikan kepada pemilik entitas induk				***Total comprehensive loss attributable to equity holders of the parent company***
Laba komprehensif tahun berjalan dari operasi yang dilanjutkan	208.379.781	(239.065)	208.140.716	*Comprehensive income for the year from continuing operations*
Rugi komprehensif tahun berjalan dari operasi yang dihentikan	(23.840.413)	239.065	(23.601.348)	*Comprehensive loss for the year from discontinued operations*

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

	2017			
	Dilaporkan Sebelumnya/ *As Previously Reported*	**Disajikan Kembali/ *Restatement***	**Setelah Disajikan Kembali/ *As Restated***	
Laporan arus kas konsolidasian				***Consolidated statement of cash flows***
Arus Kas dari Aktivitas Operasi				***Cash Flows from Operating Activities***
Penerimaan kas dari pelanggan	1.101.867.718	(31.506.844)	1.070.360.874	*Cash receipts from customers*
Pembayaran kas kepada pemasok dan karyawan	(490.117.616)	30.365.642	(459.751.974)	*Cash paid to suppliers and employees*
Kas yang dihasilkan dari kegiatan usaha	611.750.102	(1.141.202)	610.608.900	*Cash generated from operations*
Kas neto diperoleh dari aktivitas operasi	**444.753.985**	**(1.141.202)**	**443.612.783**	***Net cash provided by operating activities***
Arus Kas dari Aktivitas Investasi				***Cash Flows from Investing Activities***
Perolehan aset tetap	(5.485.067)	3.752	(5.481.315)	*Acquisitions of property, plant and equipment*
Penambahan aset minyak dan gas bumi	(184.894.894)	1.078.425	(183.816.469)	*Additions to oil and gas properties*
Kas neto digunakan untuk aktivitas investasi	**(243.940.420)**	**1.082.177**	**(242.858.243)**	***Net cash used in investing activities***
KENAIKAN NETO KAS DAN SETARA KAS DARI OPERASI YANG DILANJUTKAN	**321.820.591**	**(59.025)**	**321.761.566**	***NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS***
KENAIKAN NETO KAS DAN SETARA KAS DARI OPERASI YANG DIHENTIKAN	**3.072.130**	**59.025**	**3.131.155**	***NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS***

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

	2016			
	Dilaporkan Sebelumnya/ *As Previously Reported*	**Disajikan Kembali/ *Restatement***	**Setelah Disajikan Kembali/ *As Restated***	
Laporan laba rugi dan penghasilan komprehensif lain konsolidasian				***Consolidated statement of profit or loss and other comprehensive income***
Penjualan dan pendapatan usaha lainnya	590.036.982	(28.175.115)	561.861.867	*Sales and other operating revenues*
Beban pokok penjualan dan biaya langsung lainnya	340.691.004	(23.884.046)	316.806.958	*Cost of sales and other direct cost*
Laba kotor	249.345.978	(4.291.069)	245.054.909	*Gross profit*
Beban penjualan, umum dan administrasi	(96.529.516)	6.730.060	(89.799.456)	*Selling, general and administrative expenses*
Beban pendanaan	(99.570.610)	157.248	(99.413.362)	*Finance costs*
Pendapatan bunga	7.578.386	(19.038)	7.559.348	*Finance income*
Pembalikan (kerugian) penurunan nilai aset	(288.913.678)	92.618.074	(196.295.604)	*Reversal of (loss on) impairment of assets*
Pendapatan lain-lain	16.866.686	(7.117.086)	9.749.600	*Other income*
Laba sebelum beban pajak penghasilan dari operasi yang dilanjutkan	295.072.219	88.078.189	383.150.408	*Profit before income tax expense from continuing operations*
Beban pajak penghasilan	(63.285.228)	1.728.118	(61.557.110)	*Income tax expense*
Laba tahun berjalan dari operasi yang dilanjutkan	**231.786.991**	**89.806.307**	**321.593.298**	***Profit for the year from continuing operations***
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan	**(44.738.012)**	**(89.806.307)**	**(134.544.319)**	***Loss after income tax expense from discontinued operations***
Laba yang dapat diatribusikan kepada pemilik entitas induk				***Profit attributable to equity holders of the parent company***
Laba tahun berjalan dari operasi yang dilanjutkan	229.495.568	89.806.307	319.301.875	*Profit for the year from continuing operations*
Rugi tahun berjalan dari operasi yang dihentikan	(44.738.012)	(89.806.307)	(134.544.319)	*Loss for the year from discontinued operations*
Jumlah rugi komprehensif yang dapat diatribusikan kepada pemilik entitas induk				***Total comprehensive loss attributable to equity holders of the parent company***
Laba komprehensif tahun berjalan dari operasi yang dilanjutkan	237.407.503	89.806.307	327.213.810	*Comprehensive income for the year from continuing operations*
Rugi komprehensif tahun berjalan dari operasi yang dihentikan	(44.738.012)	(89.806.307)	(134.544.319)	*Comprehensive loss for the year from discontinued operations*

38. ASET TIDAK LANCAR YANG DIKLASIFIKASIKAN SEBAGAI DIMILIKI UNTUK DIJUAL DAN OPERASI YANG DIHENTIKAN (lanjutan)

38. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

	2016			
	Dilaporkan Sebelumnya/ *As Previously Reported*	**Disajikan Kembali/ *Restatement***	**Setelah Disajikan Kembali/ *As Restated***	
Laporan arus kas konsolidasian				***Consolidated statement of cash flows***
Arus Kas dari Aktivitas Operasi				***Cash Flows from Operating Activities***
Penerimaan kas dari pelanggan	508.738.183	(15.336.141)	493.402.042	*Cash receipts from customers*
Pembayaran kas kepada pemasok dan karyawan	(467.630.048)	4.486.653	(463.143.395)	*Cash paid to suppliers and employees*
Kas yang dihasilkan dari kegiatan usaha	41.108.135	(10.849.488)	30.258.647	*Cash generated from operations*
Kas neto diperoleh dari aktivitas operasi	**20.820.266**	**(10.849.488)**	**9.970.778**	***Net cash provided by operating activities***
Arus Kas dari Aktivitas Investasi				***Cash Flows from Investing Activities***
Penambahan aset minyak dan gas bumi	(87.858.518)	10.868.282	(76.990.236)	*Additions to oil and gas properties*
Kas neto digunakan untuk aktivitas investasi	**(578.183.017)**	**10.868.282**	**(567.314.735)**	***Net cash used in investing activities***
Arus Kas dari Aktivitas Pendanaan				***Cash Flows from Financing Activities***
Pembayaran atas utang jangka panjang lainnya	(80.005.665)	97.125	(79.908.540)	*Payments of other long-term debt*
Kas neto diperoleh dari aktivitas pendanaan	**259.732.220**	**97.125**	**259.829.345**	***Net cash provided by financing activities***
PENURUNAN NETO KAS DAN SETARA KAS DARI OPERASI YANG DILANJUTKAN	**(297.630.531)**	**115.919**	**(297.514.612)**	***NET DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS***
PENURUNAN NETO KAS DAN SETARA KAS DARI OPERASI YANG DIHENTIKAN	**(1.654.335)**	**(115.919)**	**(1.770.254)**	***NET DECREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS***

39. LABA PER SAHAM / *39. EARNINGS PER SHARE*

Tabel berikut mencerminkan data laba (rugi) serta saham yang digunakan dalam perhitungan laba (rugi) per saham dasar dan dilusian.

The following tables reflect the profit (loss) and share data used in the basic and diluted earnings (loss) per share computations.

a. Laba (rugi) per saham / *a. Earnings (loss) per share*

	2018			
	Rugi Tahun Berjalan yang Diatribusikan Kepada Pemilik Entitas Induk/ ***Loss for the Year Attributable to Equity Holders of the Parent Company***	**Rata-rata Tertimbang Saham Biasa yang Beredar/** ***Weighted Average Number of Ordinary Outstanding Share***	**Rugi per Saham/** ***Loss per Share***	
Rugi per saham dasar	(51.302.236)	17.684.469.867	(0,00290)	*Basic loss per share*
Ditambah: asumsi penerbitan saham dari pelaksanaan hak waran		1.598.783.323		*Add: Assumed exercise of warrants*
Rugi per saham dilusian	(51.302.236)	19.283.253.190	(0,00266)	*Diluted loss per share*

	2017			
	LabaTahun Berjalan yang Diatribusikan Kepada Pemilik Entitas Induk/ ***Profit for the Year Attributable to Equity Holders of the Parent Company***	**Rata-rata Tertimbang Saham Biasa yang Beredar/** ***Weighted Average Number of Ordinary Outstanding Share***	**Laba per saham/** ***Earnings per Share***	
Laba per saham dasar sebelum Pelaksanaan Hak Memesan Efek Terlebih Dahulu	127.097.650	13.275.014.617	0,00957	*Basic earnings per share prior to Limited Public Offering with Pre-Emptive Righs*
Ditambah: dampak elemen Bonus dari Hak Memesan Efek Terlebih Dahulu		1.060.699.714		*Add: bonus element from Limited Public Offering with Pre-Emptive Righs*
Laba per saham dasar setelah Pelaksanaan Hak Memesan Efek Terlebih Dahulu	127.097.650	14.335.714.331	0,00887	*Basic earnings per share after to Limited Public Offering with Pre-Emptive Righs*
Ditambah: asumsi penerbitan saham dari pelaksanaan hak waran		10.730.175		*Add: Assumed exercise of Warrant*
Laba per saham dilusian	127.097.650	14.346.444.506	0,00886	*Diluted earnings per share*

39. LABA PER SAHAM (lanjutan) / *39. EARNINGS PER SHARE (continued)*

a. Laba (rugi) per saham (lanjutan) / *a. Earnings (loss) per share (continued)*

	2016			
	LabaTahun Berjalan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Profit for the Year Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Laba per saham/ *Earnings per Share***	
Laba per saham dasar sebelum Pelaksanaan Hak Memesan Efek Terlebih Dahulu	184.757.556	13.066.181.000	0,01414	*Basic earnings per share prior to Limited Public Offering with Pre-Emptive Righs*
Ditambah: dampak elemen Bonus dari Hak Memesan Efek Terlebih Dahulu		1.144.043.498		*Add: bonus element from Limited Public Offering with Pre-Emptive Righs*
Laba per saham dasar setelah Pelaksanaan Hak Memesan Efek Terlebih Dahulu	184.757.556	14.210.224.498	0,01300	*Basic earnings per share after to Limited Public Offering with Pre-Emptive Righs*

b. Laba (rugi) per saham dari operasi yang dilanjutkan / *b. Earnings (loss) per share from continuing operation*

	2018			
	Rugi Tahun Berjalan dari Operasi yang Dilanjutkan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Loss for the Year from Continuing Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Rugi per Saham/ *Loss per Share***	
Rugi per saham dasar	(20.573.900)	17.684.469.867	(0,00116)	*Basic loss per share*
Rugi per saham dilusian	(20.573.900)	19.283.253.190	(0,00107)	*Diluted loss per share*

	2017 (Disajikan kembali - Catatan 38/ *As restated Note 38)*			
	Laba Tahun Berjalan dari Operasi yang Dilanjutkan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Profit for the Year from Continuing Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Laba per Saham/ *Earnings per Share***	
Laba per saham dasar	150.698.998	14.335.714.331	0,01051	*Basic earnings per share*
Laba per saham dilusian	150.698.998	14.346.444.506	0,01050	*Diluted earnings per share*

39. LABA PER SAHAM (lanjutan) / ***39. EARNINGS PER SHARE (continued)***

b. Laba (rugi) per saham dari operasi yang dilanjutkan (lanjutan) / *b. Earnings (loss) per share from continuing operation (continued)*

	2016 (Disajikan kembali - Catatan 38/ *As restated Note 38)*			
	Laba Tahun Berjalan dari Operasi yang Dilanjutkan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Profit for the Year from Continuing Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Laba per Saham/ *Earnings per Share***	
Laba per saham dasar	319.301.875	14.210.224.498	0,02247	*Basic earnings per share*

c. Rugi per saham dari operasi yang dihentikan / *c. Loss per share from discontinued operation*

	2018			
	Rugi Tahun Berjalan dari Operasi yang Dihentikan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Loss for the Year from Discontinued Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Rugi per Saham/ *Loss per Share***	
Rugi per saham dasar	(30.728.336)	17.684.469.867	(0,00174)	*Basic loss per share*
Rugi per saham dilusian	(30.728.336)	19.283.253.190	(0,00159)	*Diluted loss per share*

	2017 (Disajikan kembali - Catatan 38/ *As restated Note 38)*			
	Rugi Tahun Berjalan dari Operasi yang Dihentikan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Loss for the Year from Discontinued Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Rugi per Saham/ *Loss per Share***	
Rugi per saham dasar	(23.601.348)	14.335.714.331	(0,00165)	*Basic loss per share*
Rugi per saham dilusian	(23.601.348)	14.346.444.506	(0,00165)	*Diluted loss per share*

39. LABA PER SAHAM (lanjutan)

39. EARNINGS PER SHARE (continued)

c. Rugi per saham dari operasi yang dihentikan (lanjutan)

c. Loss per share from discontinued operation (continued)

	2016 (Disajikan kembali - Catatan 38/ *As restated Note 38)*			
	Rugi Tahun Berjalan dari Operasi yang Dihentikan yang Diatribusikan Kepada Pemilik Entitas Induk/ *Loss for the Year from Discontinued Operation Attributable to Equity Holders of the Parent Company*	**Rata-rata Tertimbang Saham Biasa yang Beredar/ *Weighted Average Number of Ordinary Outstanding Share***	**Rugi per Saham/ *Loss per Share***	
Rugi per saham dasar	(134.544.319)	14.210.224.498	(0,00947)	*Basic loss per share*

Untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, laba per saham dilusian dihitung dengan membagi laba yang diatribusikan kepada entitas induk pemegang ekuitas biasa pemilik entitas induk dengan jumlah rata-rata tertimbang saham biasa selama tahun berjalan ditambah dengan jumlah rata-rata tertimbang saham biasa yang akan diterbitkan pada saat konversi waran (merupakan potensial dilusi saham biasa) ke saham biasa (Catatan 30).

For the years ended December 31, 2018 and 2017, the diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of warrants (which are dilutive potential ordinary shares) into ordinary shares (Note 30).

Jumlah rata-rata tertimbang saham memperhitungan efek rata-rata tertimbang dari perubahan saham treasuri selama tahun berjalan.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Untuk tahun yang berakhir pada tanggal 31 Desember 2016, Grup tidak menyajikan laba per saham dilusian karena tidak terdapat instrumen berpotensi dilutif.

For the year ended December 31, 2016, the Group did not present diluted earning per share as there was no potential dilutive instruments.

Tidak ada transaksi lain yang melibatkan saham biasa maupun saham biasa potensial antara tanggal pelaporan dan pengesahan laporan keuangan konsolidasian ini.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

40. LIABILITAS IMBALAN KERJA

a. Program Pensiun Iuran Pasti

Entitas anak yang bergerak di bidang eksplorasi dan produksi minyak gas bumi telah menyelenggarakan program pensiun iuran pasti untuk semua karyawan tetap lokalnya. Program ini akan memberikan manfaat pensiun yang dihitung berdasarkan gaji dan masa kerja karyawan.

Program pensiun dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK), PT Bank Negara Indonesia (Persero) Tbk yang akta pendiriannya disetujui oleh Menteri Keuangan Republik Indonesia dengan surat keputusannya No. Kep. 1100/KM.17/1998 tanggal 23 November 1998 dan No. Kep.171-KMK/7/1993 tanggal 16 Agustus 1993. Program pensiun tersebut didanai dengan kontribusi baik dari Perusahaan dan entitas anak masing-masing sebesar 6% dan 6% dari gaji kotor maupun dari karyawan masing-masing sebesar 2% atau 4% dan 2% sampai dengan 14% dari gaji kotor.

Biaya atas pensiun iuran pasti dari perusahaan dan entitas anak yang bergerak dalam eksplorasi dan produksi minyak dan gas bumi masing-masing sejumlah AS$2.222.296 AS$2.192.857 dan AS$2.207.996 untuk tahun yang berakhir pada 31 Desember 2018, 2017 dan 2016.

b. Program Pensiun Imbalan Pasti

Grup mengakui liabilitas pensiun imbalan pasti untuk karyawan yang bekerja di bidang minyak dan gas bumi sesuai dengan peraturan yang berlaku. Program pensiun imbalan pasti didanai dengan penempatan dana pada PT Bank Negara Indonesia (Persero) Tbk dan PT Bank Mandiri (Persero) Tbk.

40. EMPLOYEE BENEFITS LIABILITIES

a. Defined Contribution Pension Plan

Subsidiaries involved in oil and gas exploration and production activities have established defined contribution pension plans covering all their local permanent employees. These plans provide pension benefits based on salaries and years of service of the employees.

The pension plans are managed by Dana Pensiun Lembaga Keuangan (DPLK), PT Bank Negara Indonesia (Persero) Tbk whose deeds of establishment were approved by the Minister of Finance of the Republic of Indonesia in his decision letters No. Kep. 1100/KM.17/1998 dated November 23, 1998 and No. Kep.171-KMK/7/1993 dated August 16, 1993. The pension plans are funded by contributions from both the Company and subsidiaries at 6% and 6% of gross salaries and their employees at 2% or 4% and 2% to 14% of gross salaries, respectively.

The defined contribution pension cost of subsidiaries involved in oil and gas exploration and production amounted to US$2,222,296, US$2,192,857 and US$2,207,996 for the years ended December 31, 2018, 2017 and 2016, respectively.

b. Defined Benefit Pension Plan

The Group also recognizes defined benefit obligation for employees involved in oil and gas operations in accordance with applicable regulations. The defined benefit pension plan is being funded by placing funds in PT Bank Negara Indonesia (Persero) Tbk and PT Bank Mandiri (Persero) Tbk.

40. LIABILITAS IMBALAN KERJA (lanjutan)

b. Program Pensiun Imbalan Pasti (lanjutan)

Grup juga mengakui manfaat pasca-kerja lainnya untuk pegawai yang bukan anggota program pensiun imbalan pasti sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 dan kebijakan Grup yang berlaku.

Pada tanggal 31 Desember 2018, 2017 dan 2016, jumlah orang yang berhak memperoleh imbalan tersebut adalah masing-masing 1.735 orang (tidak diaudit), 1.713 orang (tidak diaudit), 1.723 orang (tidak diaudit).

i. Analisa liabilitas pensiun imbalan pasti yang diakui di dalam laporan posisi keuangan konsolidasian adalah sebagai berikut:

40. EMPLOYEE BENEFITS LIABILITIES (continued)

b. Defined Benefit Pension Plan (continued)

The Group also recognizes post-employment benefits expense for non-members of the defined benefit pension plan in accordance with Labor Law No. 13/2003 and the prevailing Group policy.

As of December 31, 2018, 2017 and 2016, respectively, the numbers of people eligible for the benefits is 1,735 personnel (unaudited), 1,713 personnel (unaudited), 1,723 personnel (unaudited).

i. An analysis of defined benefit obligations recognized in the consolidated statements of financial position is as follows:

	2018	2017	2016	
Nilai sekarang liabilitas pensiun imbalan pasti	102.637.885	116.153.116	86.436.162	*Present value of defined benefit obligations*
Nilai wajar aset program imbalan	(126.724.211)	(115.064.491)	(84.501.336)	*Fair value of plan assets*
Liabilitas pensiun imbalan kerja (kelebihan pendanaan liabilitas pensiun imbalan kerja)	(24.086.326)	1.088.625	1.934.826	*Defined benefit obligations (overfunded defined benefit obligations)*
Batasan pengakuan aset	32.198.188	34.974.442	37.502.847	*Limitation on asset recognition*
Saldo akhir tahun	**8.111.862**	**36.063.067**	**39.437.673**	***Balance at end of year***
Liabilitas imbalan kerja - jangka pendek	1.165.823	2.284.176	3.956.404	*Employee benefits liabilities - current portion*
Liabilitas imbalan kerja - jangka panjang	6.946.039	33.778.891	35.481.269	*Employee benefits liabilities - long-term portion*
Saldo akhir tahun	**8.111.862**	**36.063.067**	**39.437.673**	***Balance at end of year***

40. LIABILITAS IMBALAN KERJA (lanjutan) / *40. EMPLOYEE BENEFITS LIABILITIES (continued)*

b. Program Pensiun Imbalan Pasti (lanjutan) / *b. Defined Benefit Pension Plan (continued)*

ii. Analisa biaya pensiun imbalan pasti pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut: / *ii. An analysis of the defined benefit costs in the consolidated statements of profit or loss and other comprehensive income is as follows:*

	2018	2017	2016	
Biaya jasa kini	7.666.189	9.345.175	4.543.144	*Current service cost*
Beban bunga	2.357.178	1.564.635	53.507	*Interest cost*
Biaya jasa lalu	(76.079)	747.370	-	*Past service cost*
Laba aktuaria yang diakui	-	-	(28.612)	*Actuarial gain recognized*
Pembayaran manfaat	(12.945)	-	-	*Benefit paid*
Penilaian kembali atas imbalan jangka panjang lainnya	(170.639)	108.946	(2.099)	*Remeasurement of other long-term employee benefits*
Jumlah	**9.763.704**	**11.766.126**	**4.565.940**	***Total***

iii. Mutasi liabilitas yang diakui atas beban imbalan kerja di laporan posisi keuangan konsolidasian adalah sebagai berikut: / *iii. The movements of liabilities recognized for the provision for employee service entitlements in the consolidated statements of financial position are as follows:*

	2018	2017	2016	
Saldo awal tahun	36.063.067	39.437.673	589.548	*Balance at beginning of year*
Efek akuisisi entitas anak (Catatan 46)	-	-	38.449.384	*Effect of acquisition of subsidiaries (Note 46)*
Biaya imbalan kerja pada tahun berjalan	9.763.704	11.766.126	4.565.940	*Employee benefit costs for the year*
Jumlah yang diakui pada pendapatan komprehensif lain	(7.746.534)	5.203.514	(3.988.558)	*Total amount recognized in other comprehensive income*
Kontribusi pada tahun berjalan	(27.845.859)	(20.362.628)	-	*Contributions for the year*
Imbalan kerja yang dibayarkan	(212.039)	(56.222)	-	*Benefits paid*
Dampak selisih kurs	(1.910.477)	74.604	(178.641)	*Effect of foreign exchange differences*
Saldo akhir tahun	**8.111.862**	**36.063.067**	**39.437.673**	***Balance at end of year***

40. LIABILITAS IMBALAN KERJA (lanjutan) / *40. EMPLOYEE BENEFITS LIABILITIES (continued)*

b. Program Pensiun Imbalan Pasti (lanjutan) / *b. Defined Benefit Pension Plan (continued)*

iv. Mutasi nilai kini kewajiban berdasarkan perhitungan aktuari adalah sebagai berikut: / *iv. The movements of present value of obligation based on independent actuary's calculation are as follows:*

	2018	2017	2016	
Saldo awal tahun	116.153.116	86.436.162	41.613.922	*Balance at beginning of year*
Efek akuisisi entitas anak (Catatan 46)	-	-	38.449.384	*Effect of acquisition of subsidiaries (Note 46)*
Beban jasa kini	7.666.189	9.345.175	4.543.144	*Current service cost*
Beban jasa lalu	(76.079)	-	-	*Past service cost*
Beban bunga	6.323.547	5.492.189	3.821.657	*Interest cost*
Imbalan kerja yang dibayarkan:				*Benefits paid:*
Perusahaan	(224.985)	(56.222)	(108.910)	*Company*
Dana pensiun	(8.683.210)	(3.463.388)	(3.592.545)	*Pension fund*
Kerugian (laba) aktuarial atas:				*Actuarial loss (gain) due to:*
Perubahan asumsi demografik	-	(190.982)	-	*Changes in demographic assumptions*
Perubahan asumsi finansial	(11.471.067)	12.175.603	2.549.612	*Changes in financial assumptions*
Penyesuaian historis	(988.645)	4.948.476	(1.878.701)	*Experience adjustments*
Dampak selisih kurs	(6.060.981)	1.466.103	1.038.599	*Effect of foreign exchange differences*
Saldo akhir tahun	**102.637.885**	**116.153.116**	**86.436.162**	***Balance at end of year***

v. Mutasi nilai wajar aset program adalah sebagai berikut: / *v. The movements of fair value of plan assets are as follows:*

	2018	2017	2016	
Saldo awal tahun	115.064.491	84.501.336	76.999.220	*Balance at beginning of year*
Pendapatan bunga atas aset program	7.617.519	8.771.080	7.183.851	*Interest income on plan asset*
Kontribusi pada tahun berjalan	27.848.382	20.362.628	-	*Contributions for the year*
Pembayaran manfaat dari aset program	(8.683.210)	(3.463.388)	(3.592.545)	*Benefits paid by plan asset*
Imbal hasil atas aset program	(7.395.412)	5.974.462	1.906.065	*Return on plan assets*
Dampak selisih kurs	(7.727.559)	(1.081.627)	2.004.745	*Effect of foreign exchange differences*
Saldo akhir tahun	**126.724.211**	**115.064.491**	**84.501.336**	***Balance at end of year***

40. LIABILITAS IMBALAN KERJA (lanjutan) / *40. EMPLOYEE BENEFITS LIABILITIES (continued)*

b. Program Pensiun Imbalan Pasti (lanjutan) / *b. Defined Benefit Pension Plan (continued)*

vi. Kategori utama atas aset program imbalan sebagai persentase dari nilai wajar aset program adalah sebagai berikut: / *vi. The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:*

	2018	2017	2016	
Obligasi pemerintah	47%	48%	58%	*Government bonds*
Deposito berjangka	35%	35%	14%	*Time deposits*
Obligasi perusahaan	18%	17%	28%	*Corporate bonds*
Jumlah	**100%**	**100%**	**100%**	***Total***

vii. Liabilitas pensiun imbalan pasti dihitung dengan menggunakan asumsi sebagai berikut: / *vii. The defined benefit obligations were calculated using the following assumptions:*

	2018	2017	2016	
Tingkat diskonto	8,10 - 8,37%	6,30% - 6,98%	8,0% - 8,3%	*Discount rates*
Tingkat pengembalian yang diharapkan dari aset:				*Expected rate of return on assets:*
- Portofolio Rupiah	0% - 8,37%	0% - 6,98%	0% - 8%	*Rupiah Portfolio -*
Tingkat proyeksi kenaikan gaji	4,0% - 9,5%	5,0% - 10,0%	5,0% - 9,5%	*Salary increment rate*
Tingkat mortalitas	TMI 2011	TMI 2011	TMI 2011	*Mortality rate*
Tingkat morbiditas (tingkat disabilitas)	0,75% - 10% tingkat mortalitas/ *mortality rate*	0,75% - 10% tingkat mortalitas/ *mortality rate*	0,75% - 10% tingkat mortalitas/ *mortality rate*	*Morbidity rate (disability rate)*
Tingkat pengunduran diri	1% - 3% terutama sesuai tingkat usia/ *primarily in line with age profile*	1% - 3% terutama sesuai tingkat usia/ *primarily in line with age profile*	1% - 2% terutama sesuai tingkat usia/ *primarily in line with age profile*	*Resignation rate*
Usia pensiun normal (dalam tahun)	58 - 60	58 - 60	58 - 60	*Normal retirement age (in year)*
Proporsi pengambilan pensiun normal	100%	100%	100%	*Proportion of normal retirements*

Analisa sensitivitas kuantitatif untuk asumsi-asumsi yang signifikan pada tanggal 31 Desember 2018 adalah sebagai berikut: / *The quantitative sensitivity analysis for significant assumptions as of December 31, 2018 is as follows:*

	Tingkat diskonto/ *Discount rates*		Kenaikan gaji dimasa depan/ *Future salary increase rate*		
	Persentase/ *Percentage*	**Pengaruh nilai kini atas kewajiban imbalan kerja/ *Effect on present value of benefits obligation***	**Persentase/ *Percentage***	**Pengaruh nilai kini atas kewajiban imbalan kerja/ *Effect on present value of benefits obligation***	
Kenaikan	1%	(6.874.074)	1%	10.273.909	*Increase*
Penurunan	(1%)	10.237.502	(1%)	(6.950.442)	*Decrease*

40. LIABILITAS IMBALAN KERJA (lanjutan)

b. Program Pensiun Imbalan Pasti (lanjutan)

Jadwal jatuh tempo dari liabilitas imbalan pasti yang tidak didiskontokan pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

40. EMPLOYEE BENEFITS LIABILITIES (continued)

b. Defined Benefit Pension Plan (continued)

Undiscounted maturity profile of defined benefit obligations as of December 31, 2018, 2017 and 2016 is as follows:

	2018	2017	2016	
Kurang dari 1 tahun	4.051.880	4.373.170	4.461.799	*Within one year*
1 tahun	4.953.025	4.485.626	4.801.845	*1 year*
2 - 5 tahun	22.794.712	21.517.120	27.854.416	*2 - 5 years*
Lebih dari 5 tahun	558.827.563	595.388.230	408.447.488	*More than 5 years*
Jumlah	**590.627.180**	**625.764.146**	**445.565.548**	***Total***

c. Undang-Undang Ketenagakerjaan No. 13/ 2003 dan Imbalan Pasca Kerja Lainnya

Grup juga mengakui manfaat pasca-kerja lainnya untuk pegawai yang bukan anggota program pensiun imbalan pasti dan personil manajemen kunci sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 dan kebijakan Grup yang berlaku.

Pada tanggal 31 Desember 2018, 2017 dan 2016, jumlah karyawan yang berhak memperoleh imbalan tersebut masing-masing adalah sebanyak 694 orang (tidak diaudit), 646 orang (tidak diaudit), dan 353 orang (tidak diaudit).

Untuk laporan keuangan konsolidasian tanggal 31 Desember 2018 liabilitas imbalan kerja ditetapkan berdasarkan perhitungan aktuaris independen PT Dayamandiri Dharmakonsilindo yang laporannya tertanggal 14 Januari 2019 dan 1 dan 8 Maret 2019, PT Dian Artha Tama yang laporannya tertanggal 8 Februari 2019 dan PT Sentra Jasa Aktuaria yang laporannya tertanggal 1 dan 8 Maret 2019.

Untuk laporan keuangan konsolidasian tanggal 31 Desember 2017 dan 2016 liabilitas imbalan kerja ditetapkan berdasarkan perhitungan aktuaris independen PT Dayamandiri Dharmakonsilindo dan PT Sentra Jasa Aktuaria yang laporannya tertanggal 16 Maret 2018 dan 15 Maret 2017.

c. Labor Law No. 13/2003 and Other Post-employment Benefits

The Group also recognizes post-employment benefits for employees who are non-members of the defined benefit plan and key management in accordance with Labor Law No. 13/2003 and current Group's policy.

As of December 31, 2018, 2017 and 2016, respectively, the numbers of employees eligible for the benefits is 694 personnel (unaudited), 646 personnel (unaudited), and 353 personnel (unaudited).

For December 31, 2018 consolidated financial statements, the employee benefits liabilities are determined based on the calculation of independent actuaries, PT Dayamandiri Dharmakonsilindo as set forth in their reports dated January 14, 2019 and March 1 and 8, 2019, PT Dian Artha Tama as set forth in their reports dated February 8, 2019 and PT Sentra Jasa Aktuaria as set forth in their reports dated March 1 and 8, 2019.

For of December 31, 2017 and 2016 consolidated financial statements, the employee benefits liabilities are determined based on the calculation of independent actuaries, PT Dayamandiri Dharmakonsilindo and PT Sentra Jasa Aktuaria as set forth in their reports dated March 16, 2018 and March 15, 2017.

40. LIABILITAS IMBALAN KERJA (lanjutan) / *40. EMPLOYEE BENEFITS LIABILITIES (continued)*

c. Undang-Undang Ketenagakerjaan No. 13/2003 dan Imbalan Pasca Kerja Lainnya (lanjutan) / *Labor Law No. 13/2003 and Other Post-employment Benefits (continued)*

i. Analisa liabilitas Undang-Undang Ketenagakerjaaan No. 13/2003 dan imbalan pasca-kerja lainnya yang diakui di dalam laporan posisi keuangan konsolidasian adalah sebagai berikut: / *An analysis of the Labor Law No. 13/2003 and other post-employment benefits obligations recognized in the consolidated statements of financial position is as follows:*

	2018	2017	2016	
Nilai sekarang liabilitas pensiun imbalan pasti	14.143.120	14.595.786	7.437.877	*Present value of defined benefit obligations*
Nilai wajar aset program imbalan	(2.511.235)	(3.059.724)	(2.606.289)	*Fair value of plan assets*
Saldo akhir tahun	**11.631.885**	**11.536.062**	**4.831.588**	***Balance at end of year***

ii. Analisa biaya Undang-Undang Ketenagakerjaan No. 13/2003 dan imbalan pasca-kerja lainnya pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut: / *An analysis of the Labor Law No. 13/2003 and other post-employment benefits costs in the consolidated statements of profit or loss and other comprehensive income is as follows:*

	2018	2017	2016	
Biaya jasa kini	2.491.662	2.497.431	2.127.452	*Current service cost*
Beban bunga	501.381	509.600	261.049	*Interest cost*
Biaya jasa lalu	173.877	(83.445)	(33)	*Past service cost*
Kerugian (keuntungan) aktuaria yang diakui	-	337.680	(746)	*Actuarial loss (gain) recognized*
Biaya pesangon	-	(1.404)	198.833	*Termination expense*
Amortisasi biaya jasa lalu	-	113.738	-	*Amortisation of past service cost*
Penilaian kembali atas imbalan jangka panjang lainnya	(10.393)	(9.715)	11.401	*Remeasurement of other long-term employee benefits*
Lain-lain	256.800	75.747	15.513	*Others*
Jumlah	**3.413.327**	**3.439.632**	**2.613.469**	***Total***

iii. Mutasi liabilitas yang diakui atas beban imbalan kerja di laporan posisi keuangan konsolidasian adalah sebagai berikut: / *The movements of liabilities recognized for the provision for employee service entitlements in the consolidated statements of financial position are as follows:*

	2018	2017	2016	
Saldo awal tahun	11.536.062	4.831.588	5.923.024	*Balance at beginning of year*
Efek akuisisi entitas anak	-	5.632.998	-	*Effect of acquisition of subsidiary*
Direklasifikasi dari operasi yang dihentikan	-	1.167.542	-	*Reclassified from discontinued operation*

40. LIABILITAS IMBALAN KERJA (lanjutan)

c. Undang-Undang Ketenagakerjaan No. 13/ 2003 dan Imbalan Pasca Kerja Lainnya (lanjutan)

iii. Mutasi liabilitas yang diakui atas beban imbalan kerja di laporan posisi keuangan konsolidasian adalah sebagai berikut (lanjutan):

40. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Labor Law No. 13/2003 and Other Post-employment Benefits (continued)

iii. The movements of liabilities recognized for the provision for employee service entitlements in the consolidated statements of financial position are as follows (continued):

	2018	2017	2016	
Biaya imbalan kerja pada tahun berjalan	3.413.327	3.439.632	2.613.469	*Employee benefit costs for the year*
Jumlah yang diakui pada pendapatan komprehensif lain	(2.621.054)	291.300	265.204	*Total amount recognized in other comprehensive income*
Pemberhentian karyawan	-	-	(199.640)	*Termination of employees*
Kontribusi pada tahun berjalan	-	-	(999.444)	*Contributions for the year*
Imbalan kerja yang dibayarkan	(1.025.159)	(1.786.654)	(431.038)	*Benefits paid*
Direklasifikasi ke operasi yang dihentikan	-	(598.052)	(2.359.569)	*Reclassified to discontinued operation*
Dampak selisih kurs	328.709	(1.442.292)	19.582	*Effect of foreign exchange differences*
Saldo akhir tahun	**11.631.885**	**11.536.062**	**4.831.588**	***Balance at end of year***

iv. Nilai kini kewajiban berdasarkan perhitungan aktuari adalah sebagai berikut:

iv. The movements of present value of obligation based on independent actuary's calculation are as follows:

	2018	2017	2016	
Saldo awal tahun	14.595.786	7.437.877	7.411.605	*Balance at beginning of year*
Efek akuisisi entitas anak	-	5.632.998	-	*Effect of acquisition of subsidiary*
Beban jasa kini	2.491.662	2.497.431	2.127.452	*Current service cost*
Beban jasa lalu	173.877	(27.971)	(33)	*Past service cost*
Beban bunga	692.752	707.646	270.405	*Interest cost*
Imbalan kerja yang dibayarkan:				*Benefits paid:*
Perusahaan	(1.025.159)	(908.535)	(428.143)	*Company*
Dana pensiun	(332.716)	(541.975)	(145.646)	*Pension fund*
Reklasifikasi dari Operasi yang dihentikan	-	(598.052)	(2.359.569)	*Reclassified to discontinued operation*
Kerugian (keuntungan) aktuaria atas:				*Actuarial loss (gain) due from:*
Perubahan asumsi demografi	(1.054.280)	-	183.036	*Changes in demographic assumption*
Perubahan asumsi finansial	(897.426)	346.877	86.576	*Changes in financial assumption*
Penyesuaian historis	(122.716)	(230.492)	(16.929)	*Experience adjustment*
Reklasifikasi dari operasi yang dihentikan	-	1.167.542	-	*Reclassified from discontinued operation*
Dampak selisih kurs	(753.675)	(1.025.306)	288.895	*Effect of foreign exchange differences*
Lain-lain	375.015	137.746	20.228	*Others*
Saldo akhir tahun	**14.143.120**	**14.595.786**	**7.437.877**	***Balance at end of year***

40. LIABILITAS IMBALAN KERJA (lanjutan)

c. Undang-Undang Ketenagakerjaan No. 13/ 2003 dan Imbalan Pasca Kerja Lainnya (lanjutan)

v. Mutasi nilai wajar aset program adalah sebagai berikut:

	2018	2017	2016	
Saldo awal tahun	3.059.724	2.606.289	1.488.581	*Balance at beginning of year*
Pendapatan bunga atas aset program	193.635	207.098	138.881	*Interest income on plan asset*
Kontribusi pada tahun berjalan	-	878.120	999.444	*Contributions for the year*
Pembayaran manfaat dari aset program	(332.716)	(541.975)	(145.646)	*Benefits paid by plan asset*
Imbal hasil atas aset program	(118.212)	(52.948)	(20.228)	*Return on plan assets*
Dampak selisih kurs	(291.196)	(36.860)	145.257	*Effect of foreign exchange differences*
Saldo akhir tahun	**2.511.235**	**3.059.724**	**2.606.289**	***Balance at end of year***

vi. Penghargaan *Jubilee*:

Pegawai permanen dari Grup berhak atas penghargaan *Jubilee.* Penghargaan *Jubilee* akan dibayarkan kepada pegawai setelah menyelesaikan sejumlah tahun masa kerjanya. Estimasi penghargaan *Jubilee* adalah sebagai berikut:

	2018	2017	2016	
Nilai sekarang liabilitas pensiun imbalan pasti	**1.196.607**	**1.521.734**	**1.259.119**	***Present value of defined benefit obligations***

Tabel berikut ini menyajikan komponen beban dan liabilitas imbalan kerja jangka panjang lainnya konsolidasian:

	2018	2017	2016	
Biaya jasa kini	135.972	153.239	141.906	*Current service cost*
Beban bunga	100.679	105.162	99.966	*Interest cost*
Keuntungan aktuaria yang diakui	-	-	76.772	*Actuarial gain recognized*
Penilaian kembali atas imbalan jangka panjang lainnya	(319.893)	141.725	(4.144)	*Remeasurement of other long term employee benefits*
Lain-lain	14.373	75.746	-	*Others*
Jumlah	**(68.869)**	**475.872**	**314.500**	***Total***

40. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Labor Law No. 13/2003 and Other Post-employment Benefits (continued)

v. *The movements of fair value of plan assets are as follows:*

vi. *Jubilee Awards:*

Permanent employees of the Group are entitled to Jubilee Awards. Jubilee Awards are paid to employees upon completion of a certain number of years of services. Estimated jubilee awards are as follows:

The following table summarizes the consolidated components of employees' other long term benefit expense and liabilities:

40. LIABILITAS IMBALAN KERJA (lanjutan) / *40. EMPLOYEE BENEFITS LIABILITIES (continued)*

c. Undang-Undang Ketenagakerjaan No. 13/2003 dan Imbalan Pasca Kerja Lainnya (lanjutan) / *Labor Law No. 13/2003 and Other Post-employment Benefits (continued)*

vi. Penghargaan *Jubilee* (lanjutan): / *Jubilee Awards (continued):*

Mutasi liabilitas yang diakui atas beban imbalan kerja di laporan posisi keuangan konsolidasian adalah sebagai berikut: / *The movements of liabilities recognized for the provision for employee service entitlements in the consolidated statements of financial position are as follows:*

	2018	2017	2016	
Saldo awal tahun	1.521.734	1.259.119	1.070.150	*Balance at beginning of year*
Efek akusisi entitas anak	-	2.168	-	*Effect of acquisition of subsidiary*
Biaya imbalan kerja pada tahun berjalan	(68.869)	475.872	314.500	*Employee benefit costs for the year*
Jumlah yang diakui pada pendapatan komprehensif lain	(1.348)	602	-	*Total amount recognized in other comprehensive income*
Reklasifikasi sehubungan dengan klasifikasi dimiliki untuk dijual (Catatan 38)	-	-	(63.711)	*Reclassification in relation to held for for sale classification (Note 38)*
Imbalan kerja yang dibayarkan	(145.799)	(126.523)	(91.391)	*Benefits paid*
Dampak selisih kurs	(109.111)	(89.504)	29.571	*exchange differences*
Saldo akhir tahun	**1.196.607**	**1.521.734**	**1.259.119**	***Balance at end of year***

vii. Liabilitas atas Undang-Undang Ketenagakerjaan No. 13/2003 dan imbalan pasca-kerja lainnya pada dihitung dengan menggunakan asumsi sebagai berikut: / *The Labor Law No. 13/2003 and other post-employment benefits obligations were calculated using the following assumptions:*

	2018	2017	2016	
Tingkat diskonto	1,73% - 9,00 %	1,58% - 7,60%	1,40% - 8,70%	*Discount rates*
Tingkat proyeksi kenaikan gaji	5,0% - 10,0%	5,0% - 10,0%	5,0% - 10,0%	*Salary increment rate*
Tingkat mortalitas	TMI 2011	TMI 2011	TMI 2011	*Mortality rate*
Tingkat morbiditas (tingkat disabilitas)	10% tingkat mortalitas/ *10% of mortality rate*	10% tingkat mortalitas/ *10% of mortality rate*	10% tingkat mortalitas/ *10% of mortality rate*	*Morbidity rate (disability rate)*
Tingkat pengunduran diri	0% - 1% terutama sesuai tingkat usia/ *primarily in line with age profile*	0% - 1% terutama sesuai tingkat usia/ *primarily in line with age profile*	0% - 1% terutama sesuai tingkat usia/ *primarily in line with age profile*	*Resignation rate*
Proporsi pengambilan pensiun normal	100%	100%	100%	*Proportion of normal retirements*

40. LIABILITAS IMBALAN KERJA (lanjutan)

c. Undang-Undang Ketenagakerjaan No. 13/ 2003 dan Imbalan Pasca Kerja Lainnya (lanjutan)

Analisa sensitivitas kuantitatif untuk asumsi-asumsi yang signifikan pada tanggal 31 Desember 2018 adalah sebagai berikut:

40. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Labor Law No. 13/2003 and Other Post-employment Benefits (continued)

The quantitative sensitivity analysis for significant assumptions as of December 31, 2018 is as follows:

	Tingkat diskonto/ *Discount rates*		Kenaikan gaji dimasa depan/ *Future salary increase rate*		
	Persentase/ *Percentage*	**Pengaruh nilai kini atas kewajiban imbalan kerja/ *Effect on present value of benefits obligation***	**Persentase/ *Percentage***	**Pengaruh nilai kini atas kewajiban imbalan kerja/ *Effect on present value of benefits obligation***	
2018					***2018***
Kenaikan	1%	(840.129)	1%	954.021	*Increase*
Penurunan	(1%)	954.659	(1%)	(852.679)	*Decrease*

Jadwal jatuh tempo dari liabilitas imbalan pasti yang tidak didiskontokan pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

The undiscounted maturity profile of defined benefit obligations as of as of December 31, 2018, 2017 and 2016, is as follows:

	2018	**2017**	**2016**	
Kurang dari 1 tahun	757.434	1.152.981	324.207	*Within one year*
1 tahun	7.372.725	415.612	188.744	*1 year*
2 - 5 tahun	2.702.182	9.483.730	10.341.486	*2 - 5 years*
Lebih dari 5 tahun	75.264.248	110.338.256	16.807.079	*More than 5 years*
Jumlah	**86.096.589**	**121.390.579**	**27.661.516**	***Total***

Durasi rata-rata liabilitas imbalan pasti diakhir periode pelaporan untuk Grup berkisar antara 4 sampai 17 tahun pada tanggal 31 Desember 2018, antara 8 sampai 20 tahun pada tanggal 31 Desember 2017 dan antara 8 sampai 19 tahun pada tanggal 31 Desember 2016.

The average duration of the defined benefits obligation at the end of reporting period for the Group is approximately from 4 to 17 years as of December 31, 2018, approximately from 8 to 20 years, as of December 31, 2017 and approximately from 8 to 19 years as of December 31, 2016.

41. SIFAT HUBUNGAN DAN TRANSAKSI-TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

a. Sifat Hubungan Berelasi

i. PT Bank Woori Saudara Indonesia 1906 Tbk mempunyai pemegang saham mayoritas yang sama dengan Perusahaan.

ii. PT Medco Intidinamika (INTI) mempunyai pemegang saham pengendali yang sama dengan Perusahaan.

iii. PT Medco Duta (DUTA) adalah salah satu pemegang saham Perusahaan dan mempunyai pemegang saham mayoritas yang sama dengan Perusahaan.

iv. PT Medco Power Indonesia (MPI) merupakan entitas asosiasi yang dimiliki oleh Grup sebesar 49% sampai dengan 3 Oktober 2017. Efektif 3 Oktober 2017, MPI dimiliki Grup sebesar 88,6% (Catatan 46).

v. PT Amman Mineral Investasma dimiliki oleh Grup sebesar 50% sampai dengan 2 Januari 2018, PT Amman Mineral Internasional (AMI) dimiliki oleh Grup sebesar 39,35% sejak 2 Januari 2018. PT Amman Mineral Industri adalah entitas anak dari AMI.

vi. PT Satria Raksa Buminusa (SRB) dan PT Musi Raksa Buminusa (MRB) dimiliki oleh Grup sebesar 30% sejak tanggal 31 Desember 2015. Efektif 29 Desember 2016, SRB dan MRB dimiliki Grup sebesar 100% (Catatan 46).

vii. PT Medco Daya Abadi Lestari merupakan entitas induk langsung Perusahaan sejak Maret 2018.

viii. PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd) ("MDN") dan PT Medco Daya Energi Nusantara ("MDEN") mempunyai pemegang saham mayoritas yang sama dengan Perusahaan.

ix. Kuala Langsa (Block A) Limited ("KLL") dimiliki oleh Grup sebesar 50%.

41. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

a. Nature of Relationships

i. PT Bank Woori Saudara Indonesia 1906 Tbk has the same majority shareholder with the Company.

ii. PT Medco Intidinamika (INTI) has the same controlling shareholder as the Company.

iii. PT Medco Duta (DUTA) is a stockholder of the Company and has the same majority shareholder with the Company.

iv. PT Medco Power Indonesia (MPI) is 49%-owned by the Group until October 3, 2017. Effective October 3, 2017, MPI is 88.6%-owned by the Group (Note 46).

v. PT Amman Mineral Investama is 50%-owned by the Group until January 2, 2018. PT Amman Mineral Internasional (AMI) is 39.35%-owned by the Group since January 2, 2018. PT Amman Mineral Industri is a subsidiary of AMI.

vi. PT Satria Raksa Buminusa (SRB) and PT Musi Raksa Buminusa (MRB) are 30%-owned by the Group effective December 31, 2015. Effective December 29, 2016, SRB and MRB are 100%-owned by the Group (Note 46).

vii. PT Medco Daya Abadi Lestari is the direct parent entity of the Company since March 2018.

viii. PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd) ("MDN") and PT Medco Daya Energi Nusantara ("MDEN") has the same majority shareholder with the Company.

ix. Kuala Langsa (Block A) Limited ("KLL") is 50%-owned by the Group.

41. SIFAT HUBUNGAN DAN TRANSAKSI-TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

b. Transaksi-transaksi dengan Pihak-pihak Berelasi

Dalam melakukan kegiatan usahanya, Grup melakukan transaksi-transaksi tertentu dengan pihak-pihak berelasi.

41. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (continued)

b. Transactions with Related Parties

In the normal course of business, the Group entered into certain transactions with its related parties.

	2018		
	Jumlah/ *Amount*	**Persentase terhadap jumlah (%)/ *Percentage to related totals (%)***	
Aset			***Assets***
Kas dan setara kas			*Cash and cash equivalents*
PT Bank Woori Saudara Indonesia 1906 Tbk	16.911.769	0,321982	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Deposito dan rekening bank yang dibatasi penggunaannya			*Restricted time deposits and cash in bank*
PT Bank Woori Saudara Indonesia 1906 Tbk	836.895	0,015934	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Piutang lain-lain			*Other receivables*
PT Amman Mineral Industri	985.861	0,018770	*PT Amman Mineral Industri*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	334.636	0,006371	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	130.948	0,002493	*PT Medco Daya Energi Nusantara*
Uang muka kepada pihak berelasi			*Advances to a related party*
PT Medco Daya Abadi Lestari	37.500.000	0,713960	*PT Medco Daya Abadi Lestari*
Liabilitas			***Liabilities***
Utang usaha			*Trade payables*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	19.723.777	0,510300	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	1.055.311	0,027303	*PT Medco Daya Energi Nusantara*
Utang lain-lain			*Other payables*
PT Medco Daya Abadi Lestari	10.000.000	0,258723	*PT Medco Daya Abadi Lestari*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	2.206.361	0,057084	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
PT Medco Daya Energi Nusantara	108.631	0,002811	*PT Medco Daya Energi Nusantara*
Kuala Langsa (Block A) Limited	79.591	0,002059	*Kuala Langsa (Block A) Limited*
Transaksi			***Transactions***
Biaya pembelian minyak mentah			*Cost of crude oil purchases*
PT Medco Daya Abadi Lestari	52.180.807	8,903420	*PT Medco Daya Abadi Lestari*

41. SIFAT HUBUNGAN DAN TRANSAKSI-TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

41. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (continued)

b. Transaksi-transaksi dengan Pihak-pihak Berelasi (lanjutan)

b. Transactions with Related Parties (continued)

	2017		
	Jumlah/ *Amount*	**Persentase terhadap jumlah (%)/ *Percentage to related totals (%)***	
Aset			***Assets***
Kas dan setara kas			*Cash and cash equivalents*
PT Bank Woori Saudara Indonesia 1906 Tbk	44.244.157	0,857314	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Deposito dan rekening bank yang dibatasi penggunaannya			*Restricted time deposits and cash in bank*
PT Bank Woori Saudara Indonesia 1906 Tbk	1.458.881	0,028269	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Piutang lain-lain			*Other receivables*
PT Amman Mineral Investama	278.453.292	5,395560	*PT Amman Mineral Investama*
PT Medco Daya Abadi Lestari	1.306.670	0,025319	*PT Medco Daya Abadi Lestari*
Uang muka kepada pihak berelasi			*Advances to a related party*
PT Medco Daya Abadi Lestari	40.000.000	0,775076	*PT Medco Daya Abadi Lestari*
Liabilitas			***Liabilities***
Pinjaman bank			*Bank loan*
PT Bank Woori Saudara Indonesia 1906 Tbk	8.670	0,000231	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Utang usaha			*Trade payables*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	24.689.287	0,656960	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*
Transaksi			***Transactions***
Biaya pembelian minyak mentah			*Cost of crude oil purchases*
PT Medco Daya Natuna (dahulu Medco South Natuna Sea Ltd)	24.689.287	5,042676	*PT Medco Daya Natuna (formerly Medco South Natuna Sea Ltd)*

41. SIFAT HUBUNGAN DAN TRANSAKSI-TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

41. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (continued)

b. Transaksi-transaksi dengan Pihak-pihak Berelasi (lanjutan)

b. Transactions with Related Parties (continued)

	2016		
	Jumlah/ *Amount*	**Persentase terhadap jumlah (%)/ *Percentage to related totals (%)***	
Aset			***Assets***
Kas dan setara kas			*Cash and cash equivalents*
PT Bank Woori Saudara Indonesia 1906 Tbk	3.326.162	0,092467	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Piutang usaha			*Trade receivables*
PT Medco Intidinamika	531.597	0,014778	*PT Medco Intidinamika*
PT Medco Power Indonesia	147.014	0,004087	*PT Medco Power Indonesia*
PT Bank Woori Saudara Indonesia 1906 Tbk	18.195	0,000506	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Deposito dan rekening bank yang dibatasi penggunaannya			*Restricted time deposits and cash in bank*
PT Bank Woori Saudara Indonesia 1906 Tbk	1.537.796	0,042751	*PT Bank Woori Saudara Indonesia 1906 Tbk*
Piutang lain-lain			*Other receivables*
PT Amman Mineral Investama	250.459.024	6,962745	*PT Amman Mineral Investama*
PT Medco Power Indonesia	252.716	0,007025	*PT Medco Power Indonesia*
PT Medco Intidinamika	33.603	0,000934	*PT Medco Intidinamika*
Liabilitas			***Liabilities***
Uang muka dari pelanggan			*Advances from customers*
PT Bank Woori Saudara Indonesia 1906 Tbk	196.099	0,007245	*PT Bank Woori Saudara Indonesia 1906 Tbk*
PT Medco Power Indonesia	158.410	0,005853	*PT Medco Power Indonesia*

42. INFORMASI SEGMEN

Grup mengklasifikasikan dan mengevaluasi informasi keuangan mereka menjadi pelaporan segmen usaha yang dikelompokkan menjadi tujuh (7) kelompok bisnis strategis:

a. Segmen Usaha

Grup bergerak di bidang usaha sebagai berikut:

i. Eksplorasi dan produksi minyak dan gas bumi
ii. Jasa
iii. Listrik
iv. Kimia
v. Sewa properti
vi. Perdagangan
vii. *Holding* dan operasional terkait

Segmen usaha dari operasi yang dihentikan dan dimiliki untuk dijual adalah sebagai berikut (Catatan 38):

Entitas anak/ *Subsidiaries*	Segmen/*Segment*
PT Medco Downstream Indonesia	Kimia/*Chemicals*
PT Medco Methanol Bunyu	Kimia/*Chemicals*
PT Medco LPG Kaji	Kimia/*Chemicals*
PT Medco Ethanol Lampung	Kimia/*Chemicals*
PT Medco Infrastruktur Indonesia (dahulu/*formerly* PT Medco Gas Indonesia)	Jasa/*Services*
PT Meta Adhya Tirta Umbulan	Jasa/*Services*
PT Exspan Petrogas Intranusa	Jasa/*Services*
PT Api Metra Graha	Sewa properti/*Rental properties*

Segmen geografis dari operasi yang dihentikan dan dimiliki untuk dijual adalah sebagai berikut (Catatan 38):

Entitas anak/ *Subsidiaries*	Segmen/*Segment*
Medco Tunisia Petroleum Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Ventures International (Barbados) Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Sahara Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Energi USA Inc	Amerika Serikat/*United States of America*
Medco Energi US LLC	Amerika Serikat/*United States of America*
Medco Petroleum Management LLC	Amerika Serikat/*United States of America*

Informasi segmen Grup adalah sebagai berikut:

42. SEGMENT INFORMATION

The Group classifies and evaluates its financial information into reportable operating segments which are grouped into seven (7) strategic business groups:

a. Operating Segments

The Group is engaged in the following business activities:

i. Exploration for and production of oil and gas
ii. Services
iii. Power
iv. Chemicals
v. Rental of properties
vi. Trading
vii. Holding and related operations

The operating segments of discontinued operations and held for sale are as follows (Note 38):

Entitas anak/ *Subsidiaries*	Segmen/*Segment*
PT Medco Downstream Indonesia	Kimia/*Chemicals*
PT Medco Methanol Bunyu	Kimia/*Chemicals*
PT Medco LPG Kaji	Kimia/*Chemicals*
PT Medco Ethanol Lampung	Kimia/*Chemicals*
PT Medco Infrastruktur Indonesia (dahulu/*formerly* PT Medco Gas Indonesia)	Jasa/*Services*
PT Meta Adhya Tirta Umbulan	Jasa/*Services*
PT Exspan Petrogas Intranusa	Jasa/*Services*
PT Api Metra Graha	Sewa properti/*Rental properties*

The geographical segments of discontinued operations and held for sale are as follows (Note 38):

Entitas anak/ *Subsidiaries*	Segmen/*Segment*
Medco Tunisia Petroleum Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Ventures International (Barbados) Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Sahara Limited	Afika dan Timur Tengah/*Africa and Middle East*
Medco Energi USA Inc	Amerika Serikat/*United States of America*
Medco Energi US LLC	Amerika Serikat/*United States of America*
Medco Petroleum Management LLC	Amerika Serikat/*United States of America*

Segment information of the Group is as follows:

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2018							
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Service***	**Listrik/ *Power***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Penjualan eksternal/ *External sales*	578.232.425	2.244.353	235.856.950	401.917.820	-	-	-	1.218.251.548
Penjualan antar segmen/ *Intersegment sales*	267.601.971	6.317.615	896.861	-	-	-	(274.816.447)	-
Jumlah penjualan dan pendapatan usaha lainnya/ *Total sales and other operating revenues*	845.834.396	8.561.968	236.753.811	401.917.820	-	-	(274.816.447)	1.218.251.548
Laba kotor/ *Gross profit*	515.695.510	2.124.388	98.410.540	12.280.483	-	-	3.664.666	632.175.587
Beban penjualan, umum dan administrasi/ *Selling, general and administrative expenses*	(107.445.816)	(2.073.719)	(26.722.785)	(7.004.634)	(21.451.572)	-	4.037.734	(160.660.792)
Beban pendanaan/ *Finance costs*	(96.766.552)	(30.088)	(44.998.630)	(7.196.175)	(75.788.896)	-	35.783.193	(188.997.148)
Pendapatan bunga/ *Finance income*	14.534.043	47.046	6.397.738	11.386.849	12.291.266	-	(31.952.524)	12.704.418
Kerugian penurunan nilai asset/ *Loss on impairment of assets*	-	-	(2.160.936)	-	-	-	-	(2.160.936)
Rugi pada dilusi pada investasi jangka panjang/ *Loss on dillution of long-term investment*	-	-	-	-	(19.073.814)	-	-	(19.073.814)
Bagian rugi dari entitas entitas asosiasi *Share of net loss of associate*	(537)	-	-	-	(66.740.666)	-	-	(66.741.203)
Pendapatan lain-lain/ *Other income*	8.964.250	617.328	1.400.076	-	-	-	(835.815)	10.145.839
Beban lain-lain/ *Other expenses*	(4.986.515)	(432.861)	(5.125.375)	(5.132.439)	(2.878.371)	-		(18.555.561)
Laba (rugi) sebelum manfaat (beban) pajak penghasilan dari operasi yang dilanjutkan/ *Profit (loss) before income tax benefit (expense) from continuing operations*	329.994.383	252.094	27.200.628	4.334.084	(173.642.053)	-	10.697.254	198.836.390

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2018							
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Service***	**Listrik/ *Power***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Beban pajak penghasilan/ *Income tax expense*	(189.050.882)	(935.301)	(1.380.876)	(2.703.438)	(2.410.493)	-	-	(196.480.990)
Kepentingan nonpengendali/ *Non-controlling interests*	(5.925.523)	-	(17.529.954)	-	526.177	-	-	(22.929.300)
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan/ *Loss after income tax expense from discontinued operations*	-	-	-	-	-	(11.741.710)	(18.986.626)	(30.728.336)
LABA (RUGI) TAHUN BERJALAN YANG DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK/ *PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY*	**135.017.978**	**(683.207)**	**8.289.798**	**1.630.646**	**(175.526.369)**	**(11.741.710)**	**(8.289.372)**	**(51.302.236)**
Aset segmen/ *Segment assets*	4.500.467.830	41.702.387	1.198.128.269	465.196.595	2.967.115.886	717.771.218	(5.591.664.554)	4.298.717.631
Investasi jangka panjang/ *Long-term investments*	105.423.200	-	-	-	848.252.915	-	-	953.676.115
JUMLAH ASET/ *TOTAL ASSETS*	**4.605.891.030**	**41.702.387**	**1.198.128.269**	**465.196.595**	**3.815.368.801**	**717.771.218**	**(5.591.664.554)**	**5.252.393.746**
LIABILITAS								
Liabilitas segmen/ ***LIABILITIES*** *Segment liabilities*	4.227.164.032	36.492.566	723.909.608	511.198.052	3.537.909.964	420.122.771	(5.591.664.554)	3.865.132.439
Pembelian barang modal/ *Capital expenditures*	268.214.299	-	60.476.175	-	-	-	-	328.690.474
Penyusutan, deplesi dan amortisasi/ *Depreciation, depletion and amortization*	104.093.327	822.728	5.262.988	-	267.486	-	-	110.446.529
Transaksi non kas selain depresiasi, deplesi dan amortisasi/ *Non-cash transactions other than depreciation, depletion and amortization*	16.422.756	72.356	812.381	-	1.353.600	-	-	18.661.093

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2017 Disajikan kembali - Catatan 38/*As restated - Note 38*							
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Services***	**Listrik/ *Power***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Penjualan eksternal/ *External sales*	519.689.803	2.596.379	67.902.715	314.924.555	-	-	-	905.113.452
Penjualan antar segmen/ *Intersegment sales*	239.386.623	6.257.525	-	-	-	-	(245.644.148)	-
Jumlah penjualan dan pendapatan usaha lainnya/ *Total sales and other operating revenues*	759.076.426	8.853.904	67.902.715	314.924.555	-	-	(245.644.148)	905.113.452
Laba kotor/ *Gross profit*	368.073.667	1.921.401	26.729.162	18.782.327	-	-	-	415.506.557
Beban penjualan, umum dan administrasi/ *Selling, general and administrative expenses*	(116.028.559)	(7.866.690)	(8.023.380)	(195.787)	(28.925.088)	-	13.233.054	(147.806.450)
Beban pendanaan/ *Finance costs*	(57.751.131)	(807.718)	(8.931.808)	(50)	(85.227.734)	-	12.150.255	(140.568.186)
Pendapatan bunga/ *Finance income*	2.406.043	62.813	619.146	97	39.530.287	-	(10.311.534)	32.306.852
Pembalikan penurunan nilai aset/ *Reversal of impairment of assets*	95.892.407	-	-	-	-	-	-	95.892.407
Keuntungan pembelian diskon/ *Bargain purchase*	43.067.951	-	-	-	-	-	-	43.067.951
Keuntungan dari kombinasi *bisnis* secara bertahap/ *Gain on business combination achieved in stages*	-	-	-	-	16.134.548	-	-	16.134.548
Penerimaan dari klaim asuransi/ *Income from insurance claim*	7.664.809	-	-	-	-	-	-	7.664.809
Bagian rugi dari entitas asosiasi dan ventura bersama/ *Share of net loss of associates and joint venture*	(57)	-	-	-	(36.951.760)	-	-	(36.951.817)
Pendapatan lain-lain/ *Other income*	14.676.684	142.562	-	-	7.826.960	-	-	22.646.206
Beban lain-lain/ *Other expenses*	(11.915.308)	(794.112)	(139.978)	(1.539.896)	-	-	-	(14.389.294)
Laba (rugi) sebelum manfaat (beban) pajak penghasilan dari operasi yang dilanjutkan/ *Profit (loss) before income tax benefit (expense) from continuing operations*	346.086.506	(7.341.744)	10.253.142	17.046.691	(87.612.787)	-	15.071.775	293.503.583

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2017 Disajikan kembali - Catatan 38/*As restated - Note 38*							
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Services***	**Listrik/ *Power***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Manfaat (beban) pajak penghasilan/ *Income tax benefit (expense)*	(127.098.763)	1.439.305	(9.076.692)	(693.763)	(2.663.549)	-	-	(138.093.462)
Kepentingan nonpengendali/ *Non-controlling interests*	(5.232.618)	213.069	(740.616)	-	1.049.042	-	-	(4.711.123)
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan/ *Loss after income tax expense from discontinued operations*	-	-	-	-	-	(6.692.284)	(16.909.064)	(23.601.348)
LABA (RUGI) TAHUN BERJALAN YANG DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK/ *PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY*	**213.755.125**	**(5.689.370)**	**435.834**	**16.352.928**	**(89.227.294)**	**(6.692.284)**	**(1.837.289)**	**127.097.650**
Aset segmen/ *Segment assets*	2.928.359.957	80.175.810	1.115.409.312	352.949.698	1.198.578.005	591.261.545	(1.993.276.341)	4.273.457.986
Investasi jangka panjang/ *Long-term investments*	105.423.737	-	-	-	781.904.134	-	-	887.327.871
JUMLAH ASET/ *TOTAL ASSETS*	**3.033.783.694**	**80.175.810**	**1.115.409.312**	**352.949.698**	**1.980.482.139**	**591.261.545**	**(1.993.276.341)**	**5.160.785.857**
LIABILITAS Liabilitas segmen/ ***LIABILITIES*** *Segment liabilities*	2.516.081.764	63.849.315	672.827.092	398.918.626	1.656.213.915	443.499.438	(1.993.276.341)	3.758.113.809
Pembelian barang modal/ *Capital expenditures*	259.973.427	-	5.485.067	-	-	-	-	265.458.494
Penyusutan, deplesi dan amortisasi/ *Depreciation. depletion and amortization*	158.438.654	1.689.824	1.212.972	-	298.547	-	-	161.639.997
Transaksi non kas selain depresiasi, deplesi dan amortisasi/ *Non-cash transactions other than depreciation, depletion and amortization*	113.619.699	103.840	736.084		1.299.799	-	-	115.759.422

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2016 Disajikan kembali - Catatan 38/*As restated - Note 38*						
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Services***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Penjualan eksternal/ *External sales*	468.743.871	7.009.841	14.187.841	71.920.314	-	-	561.861.867
Penjualan antar segmen/ *Intersegment sales*	156.974.069	-	-	-	-	(156.974.069)	-
Jumlah penjualan dan pendapatan usaha lainnya/ *Total sales and other operating revenues*	625.717.940	7.009.841	14.187.841	71.920.314	-	(156.974.069)	561.861.867
Laba kotor/ *Gross profit*	234.204.715	2.575.733	4.344.777	3.929.684	-	-	245.054.909
Beban penjualan, umum dan administrasi/ *Selling, general and administrative expenses*	(68.619.465)	(1.773.333)	(375.697)	(26.636.306)	-	7.605.345	(89.799.456)
Beban pendanaan/ *Finance costs*	(31.434.473)	(2.280)	(2.048)	(75.494.937)	-	7.520.376	(99.413.362)
Pendapatan bunga/ *Finance income*	1.733.563	63.788	120	14.382.252	-	(8.620.375)	7.559.348
Keuntungan pembelian diskon/ *Bargain purchase*	84.447.757	-	-	467.207.660	-	-	551.655.417
Kerugian atas pengukuran nilai wajar dikurangi biaya untuk menjual/ *Loss on assets recognized at fair value less cost to sell*	(11.924.603)	-	-	-	-	-	(11.924.603)
Bagian laba (rugi) dari entitas asosiasi dan ventura bersama/ *Share of net profit (loss) of associates and joint venture*	(64.819)	173.799	-	(27.137.308)	-	-	(27.028.328)
Kerugian penurunan nilai aset/ *Loss on impairment of assets*	(196.295.604)	-	-	-	-	-	(196.295.604)
Pendapatan lain-lain/ *Other income*	6.497.451	125.727	-	3.126.422	-	-	9.749.600
Beban lain-lain/ *Other expenses*	(3.329.851)	(267.451)	(178.023)	(2.632.188)	-	-	(6.407.513)
Laba (rugi) sebelum manfaat (beban) pajak penghasilan dari operasi yang dilanjutkan/ *Profit (loss) before income tax benefit (expense) from continuing operations*	15.214.671	895.983	3.789.129	356.745.279	-	6.505.346	383.150.408

42. INFORMASI SEGMEN (lanjutan) / *42. SEGMENT INFORMATION (continued)*

a. Segmen Usaha (lanjutan) / *a. Operating Segments (continued)*

	2016 Disajikan kembali - Catatan 38/*As restated - Note 38*						
	Eksplorasi dan produksi minyak dan gas bumi/ *Exploration for and production of oil and gas*	**Jasa/ *Services***	**Perdagangan/ *Trading***	***Holding* dan operasional terkait/ *Holding and related operations***	**Operasi yang dihentikan/ *Discontinued operations***	**Eliminasi/ *Elimination***	**Konsolidasi/ *Consolidation***
Manfaat (beban) pajak penghasilan/ *Income tax benefit (expense)*	(68.648.869)	(503.358)	-	7.595.117	-	-	(61.557.110)
Kepentingan nonpengendali/ *Non-controlling interests*	(2.291.423)	-	-	-	-	-	(2.291.423)
Rugi setelah beban pajak penghasilan dari operasi yang dihentikan/ *Loss after income tax* expense *from discontinued operations*	-	-	-	-	(128.038.973)	(6.505.346)	(134.544.319)
LABA (RUGI) TAHUN BERJALAN YANG DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK/ *PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY*	**(55.725.621)**	**392.625**	**3.789.129**	**364.340.396**	**(128.038.973)**	**-**	**184.757.556**
Aset segmen/ *Segment assets*	2.500.319.885	20.330.389	181.752.865	1.513.079.490	554.529.524	(2.120.052.728)	2.649.959.425
Investasi jangka panjang/ *Long-term investments*	362.292	-	-	924.134.851	-	-	924.497.143
Investasi dalam proyek/ *Investment in project*	22.674.035	-	-	-	-	-	22.674.035
JUMLAH ASET/ *TOTAL ASSETS*	**2.523.356.212**	**20.330.389**	**181.752.865**	**2.437.214.341**	**554.529.524**	**(2.120.052.728)**	**3.597.130.603**
LIABILITAS Liabilitas segmen/ ***LIABILITIES*** *Segment liabilities*	2.536.161.693	11.370.919	94.319.591	1.797.820.249	387.002.023	(2.120.052.728)	2.706.621.747
Pembelian barang modal/ *Capital expenditures*	346.069.803	-	-	74.387	-	-	346.144.190
Penyusutan, deplesi dan amortisasi/ *Depreciation, depletion and amortization*	103.597.220	3.547.009	-	293.665	-	-	107.437.894
Transaksi non kas selain depresiasi, deplesi dan amortisasi/ *Non-cash transactions other than depreciation, depletion and amortization*	209.487.902	266.735	-	1.188.297	116.052.547	-	326.995.481

42. INFORMASI SEGMEN (lanjutan)

b. Informasi Geografis

Tabel berikut ini menampilkan distribusi pendapatan Grup berdasarkan pasar geografis dan aset Grup berdasarkan letak geografis:

42. *SEGMENT INFORMATION (continued)*

b. Geographical Information

The following table shows the distribution of the Group's revenues by geographical market and the Group's assets by geographical location:

Pendapatan / *Revenues*

	2018	2017 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	2016 (Disajikan kembali *As restated* - Catatan/ *Note 38)*	
Indonesia	517.065.699	283.495.647	259.937.131	*Indonesia*
Luar negeri				*Overseas*
Asia	608.395.715	539.626.001	208.353.234	*Asia*
Afrika dan Timur Tengah	92.790.134	81.991.804	93.571.502	*Africa and Middle East*
Jumlah	**1.218.251.548**	**905.113.452**	**561.861.867**	***Total***

Jumlah Aset / *Total Assets*

	2018	2017	2016	
Indonesia	6.896.983.485	4.321.534.568	3.252.007.433	*Indonesia*
Luar negeri				*Overseas*
Asia	3.648.693.932	2.499.527.175	2.239.979.838	*Asia*
Afrika dan Timur Tengah	295.431.434	304.670.292	192.798.330	*Africa and Middle East*
Amerika Serikat	2.949.449	28.330.163	32.397.730	*United States of America*
Jumlah	**10.844.058.300**	**7.154.062.198**	**5.717.183.331**	***Total***
Eliminasi	(5.591.664.554)	(1.993.276.341)	(2.120.052.728)	*Elimination*
Setelah eliminasi	**5.252.393.746**	**5.160.785.857**	**3.597.130.603**	***After elimination***

Aktivitas Grup terkonsentrasi di beberapa lokasi geografis yang signifikan (Asia, Amerika Serikat, Afrika dan Timur Tengah). Aktivitas utama berpusat di Indonesia.

The Group's activities are concentrated in several major geographic locations (Asia, United States of America, Africa and Middle East). The main concentration of activities is in Indonesia.

Transaksi antar segmen ditetapkan dengan syarat dan kondisi yang normal sebagaimana halnya jika dilakukan dengan pihak ketiga.

Intersegment transactions are set with normal terms and conditions as if conducted with third parties.

43. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING

Grup memiliki aset dan liabilitas moneter dalam mata uang asing dengan rincian sebagai berikut:

43. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group has monetary assets and liabilities denominated in foreign currencies as follows:

	2018				
	Dalam mata uang aslinya (dalam jutaan)/ *In original currency (in millions)*			Setara AS$ (dalam satuan penuh)/ *US$ Equivalent (full amount)*	
	Rupiah/ *Rupiah*	Euro/ *Euro*	Lain-lain/ *Others*		
Aset					***Assets***
Kas dan setara kas	870.986	-	3,66	64.534.646	*Cash and cash equivalents*
Investasi jangka pendek	51.046	-	-	3.525.010	*Short-term investments*
Deposito dan rekening bank yang dibatasi penggunaannya	41.624	-	-	2.874.405	*Restricted time deposits and cash in banks*
Piutang usaha	368.299	-	-	25.433.267	*Trade receivables*
Piutang lain-lain	1.564.381	0,71	-	108.845.527	*Other receivables*
Liabilitas					***Liabilities***
Utang usaha	(680.662)	(0,02)	(0,05)	(47.056.535)	*Trade payables*
Utang pajak	(100.870)	-	-	(6.965.666)	*Taxes payable*
Biaya akrual dan provisi lain-lain	(647.733)	-	-	(44.729.822)	*Accrued expenses and other provision*
Pinjaman jangka panjang lainnya	(7.812.891)	-	-	(539.527.060)	*Other long-term debt*
Pinjaman bank	(2.053)	-	-	(141.794)	*Bank loans*
Aset (Liabilitas) Neto	**(6.347.873)**	**0,69**	**3,61**	**(433.208.022)**	***Net Assets (Liabilities)***

	2017				
	Dalam mata uang aslinya (dalam jutaan)/ *In original currency (in millions)*			Setara AS$ (dalam satuan penuh)/ *US$ Equivalent (full amount)*	
	Rupiah/ *Rupiah*	Euro/ *Euro*	Lain-lain/ *Others*		
Aset					***Assets***
Kas dan setara kas	1.913.988	0,15	0,13	141.544.379	*Cash and cash equivalents*
Investasi jangka pendek	51.931	-	-	3.833.146	*Short-term investments*
Deposito dan rekening bank yang dibatasi penggunaannya	163.458	-	-	12.065.102	*Restricted time deposits and cash in banks*
Piutang usaha	360.103	-	-	26.579.759	*Trade receivables*
Piutang lain-lain	1.009.532	0,71	-	75.366.637	*Other receivables*
Liabilitas					***Liabilities***
Utang usaha	(334.410)	-	(0,05)	(24.718.515)	*Trade payables*
Utang pajak	(315.813)	-	-	(23.310.651)	*Taxes payable*
Biaya akrual dan provisi lain-lain	(171.225)	-	-	(12.638.408)	*Accrued expenses and other provision*
Pinjaman jangka panjang lainnya	(7.888.878)	-	-	(582.290.977)	*Other long-term debt*
Pinjaman bank	(533.949)	-	-	(39.411.652)	*Bank loans*
Aset (Liabilitas) Neto	**(5.745.263)**	**0,86**	**0,08**	**(422.981.180)**	***Net Assets (Liabilities)***

43. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING (lanjutan)

43. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)

	2016				
	Dalam mata uang aslinya (dalam jutaan)/ *In original currency (in millions)*			Setara AS$ (dalam satuan penuh)/ *US$ Equivalent (full amount)*	
	Rupiah/ *Rupiah*	Euro/ *Euro*	Lain-lain/ *Others*		
Aset					***Assets***
Kas dan setara kas	582.325	-	0,11	43.415.027	*Cash and cash equivalents*
Investasi jangka pendek	49.811	-	-	3.707.247	*Short-term investments*
Deposito dan rekening bank yang dibatasi penggunaannya	32.273	-	-	2.401.983	*Restricted time deposits and cash in banks*
Piutang usaha	34.676	-	-	2.580.808	*Trade receivables*
Piutang lain-lain	631.559	0,02	-	47.025.065	*Other receivables*
Liabilitas					***Liabilities***
Utang usaha	(159.820)	-	(0,87)	(12.497.995)	*Trade payables*
Utang pajak	(115.503)	-	-	(8.596.531)	*Taxes payable*
Biaya akrual dan provisi lain-lain	(345.072)	-	-	(25.682.641)	*Accrued expenses and other provision*
Pinjaman jangka panjang lainnya	(7.274.000)	-	(100,01)	(610.298.334)	*Other long-term debt*
Pinjaman bank	(581.802)	-	-	(43.301.755)	*Bank loans*
Aset (Liabilitas) Neto	**(7.145.553)**	**0,02**	**(100,77)**	**(601.247.126)**	***Net Assets (Liabilities)***

44. INSTRUMEN KEUANGAN

44. FINANCIAL INSTRUMENTS

a. Nilai Wajar atas Instrumen Keuangan

Tabel berikut menyajikan klasifikasi instrumen keuangan dan membandingkan nilai tercatat dan estimasi nilai wajar dari instrumen keuangan Grup yang dicatat di laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2018, 2017 dan 2016:

a. Fair Values of Financial Instruments

The following table presents the classification of financial instruments and sets forth the carrying amounts and estimated fair values of the financial instruments of the Group that are carried in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016:

	2018		2017		2016		
	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	
Aset Keuangan							***Financial Assets***
Aset jangka pendek							***Current assets***
Investasi jangka pendek	25.185.432	25.185.432	26.342.281	26.342.281	66.885.629	66.885.629	*Short-term investments*
Investasi tersedia untuk dijual	6.211.302	6.211.302	6.136.728	6.136.728	-	-	*Available for sale-investment*
Aset derivatif	1.922.078	1.922.078	-	-	-	-	*Derivative assets*
Aset tidak lancar							***Non-current assets***
Aset keuangan konsesi	532.315.640	532.315.640	475.069.991	482.882.105	-	-	*Concession financial assets*
Aset derivatif	4.605.098	4.605.098	6.932.059	6.932.059	1.659.449	1.659.449	*Derivative assets*
Jumlah Aset Keuangan	**570.239.550**	**570.239.550**	**514.481.059**	**522.293.173**	**68.545.078**	**68.545.078**	***Total Financial Assets***

44. INSTRUMEN KEUANGAN (lanjutan) / *44. FINANCIAL INSTRUMENTS (continued)*

a. Nilai Wajar atas Instrumen Keuangan (lanjutan) / *a. Fair Values of Financial Instruments (continued)*

Tabel berikut menyajikan klasifikasi instrumen keuangan dan membandingkan nilai tercatat dan estimasi nilai wajar dari instrumen keuangan Grup yang dicatat di laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2018, 2017 dan 2016 (lanjutan):

The following table presents the classification of financial instruments and sets forth the carrying amounts and estimated fair values of the financial instruments of the Group that are carried in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016 (continued):

	2018		2017		2016		
	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	Nilai Tercatat/ *Carrying Amounts*	Nilai Wajar/ *Fair Value*	
Liabilitas Keuangan							***Financial Liabilities***
Liabilitas jangka pendek							***Current liabilities***
Liabilitas derivatif	11.225.780	11.225.780	55.092.235	55.092.235	63.767.824	63.767.824	*Derivative liabilities*
Liabilitas jangka panjang							***Non-current liabilities***
Pinjaman jangka panjang:							*Long-term debts:*
Pinjaman bank	1.012.275.238	980.200.747	1.367.229.847	1.361.025.119	1.009.552.427	1.004.993.469	*Bank loans*
Pinjaman dari instansi keuangan non-bank	10.907.474	10.944.136	27.314.985	21.038.393	-	-	*Loan from a non-bank financial institution*
Obligasi Rupiah	447.623.190	453.859.831	348.648.809	333.285.076	316.889.775	312.419.883	*Rupiah bonds*
Obligasi Dolar AS	867.801.068	819.000.000	384.704.834	366.970.025	-	-	*US Dollar bonds*
Obligasi Dolar Singapura	-	-	-	-	68.334.183	68.276.085	*Singapore Dollar bonds*
Wesel jangka menengah	66.456.769	65.974.892	53.958.848	53.845.748	127.544.863	121.503.507	*Medium term Notes*
Liabilitas derivatif	36.021.136	36.021.136	20.131.692	20.131.692	67.505.001	73.420.006	*Derivative liabilities*
Jumlah Liabilitas Keuangan	**2.452.310.655**	**2.377.226.522**	**2.257.081.250**	**2.211.388.288**	**1.653.594.073**	**1.644.380.774**	***Total Financial Liabilities***

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk kelompok instrumen keuangan yang praktis untuk memperkirakan nilai tersebut:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

i. Instrumen keuangan dicatat pada nilai wajar

i. Financial instruments carried at fair value

Investasi jangka pendek diukur pada harga kuotasian yang dipublikasikan pada pasar aktif.

Short-term investments are measured at published quoted market prices in an active market.

Investasi tersedia untuk dijual dan instrumen derivatif diukur pada nilai wajarnya berdasarkan teknik penilaian yang wajar dengan nilai input pasar yang dapat diobservasi.

Fair values of available for sale-investments and derivative instruments are estimated using appropriate valuation techniques with market observable inputs.

Aset keuangan konsesi diestimasi menggunakan model diskonto arus kas.

Concession financial assets is estimated using a discounted cash flow model.

44. INSTRUMEN KEUANGAN (lanjutan)

a. Nilai Wajar atas Instrumen Keuangan (lanjutan)

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk kelompok instrumen keuangan yang praktis untuk memperkirakan nilai tersebut (lanjutan):

ii. Pinjaman dan utang

Nilai wajar dari pinjaman jangka panjang (pinjaman bank, wesel jangka menengah dan obligasi Rupiah, Dolar AS dan Dolar Singapura) dihitung berdasarkan arus kas yang didiskontokan.

Pada tanggal 31 Desember 2018, 2017 dan 2016, nilai tercatat instrumen keuangan berikut ini mendekati nilai wajarnya:

i. Instrumen keuangan yang jatuh tempo dalam jangka pendek

Nilai wajar kas dan setara kas, deposito dan rekening bank yang dibatasi penggunaannya, piutang usaha dan lain-lain, aset keuangan konsesi yang jatuh tempo dalam satu tahun, pinjaman bank jangka pendek, utang usaha dan lain-lain, biaya akrual dan pinjaman jangka panjang yang jatuh tempo dalam satu tahun mendekati nilai tercatatnya karena jatuh temponya dalam jangka pendek dan sifat instrumen keuangan tersebut.

ii. Instrumen keuangan dicatat pada biaya perolehan

Investasi pada saham biasa yang tidak memiliki kuotasi pasar dengan kepemilikan saham di bawah 20%, dicatat pada biaya perolehan karena nilai wajarnya tidak dapat diukur secara andal.

iii. Instrumen keuangan lainnya

Nilai wajar dari bagian tidak lancar deposito dan rekening bank yang dibatasi penggunaannya, piutang lain-lain tidak lancar, aset lain-lain tidak lancar dan utang lain-lain jangka panjang adalah sama dengan nilai tercatat karena nilai wajarnya tidak dapat diukur secara andal.

44. FINANCIAL INSTRUMENTS (continued)

a. Fair Values of Financial Instruments (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value (continued):

ii. Loans and borrowings

The fair values of long-term debts (bank loans, medium-term notes and Rupiah, US Dollar and Singapore Dollar bonds), are determined based on discounted cash flows method.

As of December 31, 2018, 2017 and 2016, the carrying amount of the following financial instruments is a reasonable approximation of its fair value:

i. Financial instruments with short-term maturities

Fair values of cash and cash equivalents, restricted time deposits and cash in banks, trade and other receivables, current maturities of concession financial assets, short-term bank loans, trade and other payables, accrued expenses and current maturities of long-term debts approximate their carrying amounts due to the short-term maturities and nature of the financial instruments.

ii. Financial instruments recorded at acquisition cost

Investments in common shares with no quoted market price representing ownership below 20%, are recorded at cost because fair value cannot be measured reliably.

iii. Other financial instruments

The fair values of non-current portion of restricted time deposits and cash in banks, non-current other receivables, non-current other assets and other liabilities listed are the same as their carrying amounts because their fair values cannot be measured reliably.

44. INSTRUMEN KEUANGAN (lanjutan) / *44. FINANCIAL INSTRUMENTS (continued)*

a. Nilai Wajar atas Instrumen Keuangan (lanjutan) / *a. Fair Values of Financial Instruments (continued)*

Hirarki nilai wajar pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

The hierarchy of fair value as of December 31, 2018, 2017 and 2016 are as follows:

	2018				
	Jumlah/ *Total*	Harga pasar yang dikuotasikan untuk aset dan liabilitas yang sama (Level 1)/ *Market value quotation for similar assets and liabilities (Level 1)*	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2)/ *Significant input and observable directly or indirectly (Level 2)*	Input yang signifikan tetapi tidak dapat diobservasi (Level 3)/ *Significant input but unobservable (Level 3)*	
Aset diukur pada nilai wajar					***Assets measured at fair value***
Aset Keuangan					***Financial Assets***
Investasi jangka pendek	25.185.432	25.185.432	-	-	*Short-term investments*
Investasi tersedia untuk dijual	6.211.302	-	6.211.302	-	*Avaiable for sale-investments*
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Aset derivatif	6.527.176	-	6.527.176	-	*Derivative assets*
Liabilitas diukur pada nilai wajar					***Liabilities measured at fair value***
Liabilitas Keuangan					***Financial Liabilities***
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Liabilitas derivatif	47.246.916	-	47.246.916	-	*Derivative liabilities*
Aset yang nilai wajarnya diungkapkan					***Assets for which fair value is disclosed***
Aset Keuangan					***Financial Assets***
Aset keuangan konsesi	532.315.640	-	532.315.640	-	*Concession financial assets*
Liabilitas yang nilai wajarnya diungkapkan					***Liabilities for which fair value is disclosed***
Liabilitas Keuangan					***Financial Liabilities***
Pinjaman jangka panjang:					*Long-term debts:*
Pinjaman bank	980.200.747	-	980.200.747	-	*Bank loans*
Pinjaman dari instansi keuangan non-bank	10.944.316	-	10.944.136	-	*Loan from a non-bank financial institution*
Obligasi Rupiah	453.859.831	453.859.831	-	-	*Rupiah bonds*
Obligasi Dolar AS	819.000.000	819.000.000	-	-	*US Dollar bonds*
Wesel jangka menengah	65.974.892	-	65.974.892	-	*Medium-term notes*

	2017				
	Jumlah/ *Total*	Harga pasar yang dikuotasikan untuk aset dan liabilitas yang sama (Level 1)/ *Market value quotation for similar assets and liabilities (Level 1)*	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2)/ *Significant input and observable directly or indirectly (Level 2)*	Input yang signifikan tetapi tidak dapat diobservasi (Level 3)/ *Significant input but unobservable (Level 3)*	
Aset diukur pada nilai wajar					***Assets measured at fair value***
Aset Keuangan					***Financial Assets***
Investasi jangka pendek	26.342.281	26.342.281	-	-	*Short-term investments*
Investasi tersedia untuk dijual	6.136.728	-	6.136.728	-	*Avaiable for sale-investments*
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Aset derivatif	6.932.059	-	6.932.059	-	*Derivative assets*

44. INSTRUMEN KEUANGAN (lanjutan) / *44. FINANCIAL INSTRUMENTS (continued)*

a. Nilai Wajar atas Instrumen Keuangan (lanjutan) / *a. Fair Values of Financial Instruments (continued)*

	2017				
	Jumlah/ *Total*	Harga pasar yang dikuotasikan untuk aset dan liabilitas yang sama (Level 1)/ *Market value quotation for similar assets and liabilities (Level 1)*	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2)/ *Significant input and observable directly or indirectly (Level 2)*	Input yang signifikan tetapi tidak dapat diobservasi (Level 3)/ *Significant input but unobservable (Level 3)*	
Liabilitas diukur pada nilai wajar					***Liabilities measured at fair value***
Liabilitas Keuangan					***Financial Liabilities***
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Liabilitas derivatif	75.223.927	-	75.223.927	-	*Derivative liabilities*
Aset yang nilai wajarnya diungkapkan					***Assets for which fair value is disclosed***
Aset Keuangan					***Financial Assets***
Aset keuangan konsesi	482.882.105	-	482.882.105	-	*Concession financial assets*
Liabilitas yang nilai wajarnya diungkapkan					***Liabilities for which fair value is disclosed***
Liabilitas Keuangan					***Financial Liabilities***
Pinjaman jangka panjang:					*Long-term debts:*
Pinjaman bank	1.361.025.119	-	1.361.025.119	-	*Bank loans*
Pinjaman dari instansi keuangan non-bank	21.038.393	-	21.038.393	-	*Loan from a non-bank financial institution*
Obligasi Rupiah	333.285.076	-	333.285.076	-	*Rupiah bonds*
Obligasi Dolar AS	366.970.025	-	366.970.025	-	*US Dollar bonds*
Wesel jangka menengah	53.845.748	-	53.845.748	-	*Medium-term notes*

	2016				
	Jumlah/ *Total*	Harga pasar yang dikuotasikan untuk aset dan liabilitas yang sama (Level 1)/ *Market value quotation for similar assets and liabilities (Level 1)*	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2)/ *Significant input and observable directly or indirectly (Level 2)*	Input yang signifikan tetapi tidak dapat diobservasi (Level 3)/ *Significant input but unobservable (Level 3)*	
Aset diukur pada nilai wajar					***Assets measured at fair value***
Aset Keuangan					***Financial Assets***
Investasi jangka pendek	66.885.629	66.885.629	-	-	*Short-term investments*
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Aset derivatif	1.659.449	-	1.659.449	-	*Derivative assets*
Liabilitas diukur pada nilai wajar					***Liabilities measured at fair value***
Liabilitas Keuangan					***Financial Liabilities***
Derivatif pada lindung nilai efektif					***Derivatives in effective hedge***
Liabilitas derivatif	131.272.825	-	131.272.825	-	*Derivative liabilities*

44. INSTRUMEN KEUANGAN (lanjutan) / *44. FINANCIAL INSTRUMENTS (continued)*

a. Nilai Wajar atas Instrumen Keuangan (lanjutan) / *a. Fair Values of Financial Instruments (continued)*

	2016				
	Jumlah/ *Total*	Harga pasar yang dikuotasikan untuk aset dan liabilitas yang sama (Level 1)/ *Market value quotation for similar assets and liabilities (Level 1)*	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2)/ *Significant input and observable directly or indirectly (Level 2)*	Input yang signifikan tetapi tidak dapat diobservasi (Level 3)/ *Significant input but unobservable (Level 3)*	
Liabilitas yang nilai wajarnya diungkapkan					***Liabilities for which fair value is disclosed***
Liabilitas Keuangan					***Financial Liabilities***
Pinjaman jangka panjang:					*Long-term debts:*
Pinjaman bank	1.004.993.469	-	1.004.993.469	-	*Bank loans*
Obligasi Rupiah	312.419.883	-	312.419.883	-	*Rupiah bonds*
Obligasi Dolar Singapura	68.276.085	-	68.276.085	-	*Singapore Dollar bonds*
Wesel jangka menengah	121.503.507	-	121.503.507	-	*Medium-term notes*

b. Tujuan dan Kebijakan Manajemen Risiko / *b. Risk Management Objectives and Policies*

Liabilitas keuangan utama Grup meliputi pinjaman jangka pendek dan jangka panjang, utang usaha dan lain-lain dan biaya akrual. Tujuan utama dari liabilitas keuangan ini adalah untuk mengumpulkan dana untuk operasi Grup. Grup mempunyai berbagai aset keuangan seperti piutang usaha dan kas dan setara kas, yang dihasilkan langsung dari kegiatan usahanya.

Risiko utama yang timbul dari instrumen keuangan Grup adalah risiko suku bunga, risiko fluktuasi nilai tukar mata uang asing, risiko kredit, risiko likuiditas dan risiko volatilitas harga. Pentingnya untuk mengelola risiko ini telah meningkat secara signifikan dengan mempertimbangkan perubahan dan volatilitas pasar keuangan baik di Indonesia maupun internasional. Direksi Perusahaan menelaah dan menyetujui kebijakan untuk mengelola risiko-risiko yang dirangkum di bawah ini:

The principal financial liabilities of the Group consist of short-term and long-term debts, trade and other payables and accrued expenses. The main purpose of these financial liabilities is to raise funds for the operations of the Group. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange rate risk, credit risk, liquidity risk and price volatility risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Directors review and approve the policies for managing these risks which are summarized below:

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

i. Risiko suku bunga

Kebijakan Grup terkait dengan risiko suku bunga adalah dengan mengelola biaya bunga melalui kombinasi pinjaman dengan suku bunga tetap dan variabel. Grup mengevaluasi perbandingan suku bunga tetap terhadap suku bunga mengambang dari pinjaman bank jangka pendek dan pinjaman jangka panjang sejalan dengan perubahan suku bunga yang relevan di pasar keuangan. Berdasarkan evaluasi manajemen, pembiayaan baru akan ditentukan harganya pada suku bunga tetap atau mengambang.

Grup memiliki risiko tingkat suku bunga yang terutama berasal dari pergerakan suku bunga piutang dan liabilitas jangka panjang dengan tingkat suku bunga mengambang. Untuk mengelola risiko suku bunga, Grup melakukan transaksi *Swap* Suku Bunga.

Tabel di bawah ini menyajikan nilai tercatat, berdasarkan periode jatuh tempo dari instrumen keuangan Grup yang terkena dampak risiko suku bunga:

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

i. Interest rate risk

The Group's policy relating to interest rate risk is to manage interest cost through a mix of fixed and variable rate debts. The Group evaluates the comparability of the fixed rate to floating rate of its short-term bank loans and long-term debts in line with movements of relevant interest rates in the financial markets. Based on management's assessment, the new financing will be priced either on a fixed rate or floating rate basis.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term receivable and long-term obligations with floating interest rates. In order to manage interest rate risk, the Group entered into Interest Rate Swaps.

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	2018					
Keterangan	**Dalam jangka waktu 1 tahun/ *Within 1 year***	**1-2 tahun/ *1-2 years***	**2-5 tahun/ *2-5 years***	**Lebih dari 5 tahun/ *More than 5 years***	**Jumlah/ *Total***	***Description***
Aset derivatif	1.922.078	-	2.222.186	2.382.912	6.527.176	*Derivative assets*
Pinjaman bank jangka pendek	40.000.000	-	-	-	40.000.000	*Short-term bank loan*
Pinjaman bank jangka panjang	225.437.515	72.743.511	317.905.210	582.533.804	1.198.620.040	*Long-term bank loans*
Liabilitas derivatif	11.225.780	26.261.744	9.547.491	211.901	47.246.916	*Derivative liabilities*

	2017					
Keterangan	**Dalam jangka waktu 1 tahun/ *Within 1 year***	**1-2 tahun/ *1-2 years***	**2-5 tahun/ *2-5 years***	**Lebih dari 5 tahun/ *More than 5 years***	**Jumlah/ *Total***	***Description***
Piutang dari pihak berelasi	278.453.292	-	-	-	278.453.292	*Receivable from a related party*
Aset derivatif	-	445.653	5.318.480	1.167.926	6.932.059	*Derivative assets*
Pinjaman bank jangka pendek	42.000.000	-	-	-	42.000.000	*Short-term bank loan*
Pinjaman bank jangka panjang	161.395.447	130.134.273	641.505.712	595.589.862	1.528.625.294	*Long-term bank loans*
Liabilitas derivatif	55.092.235	4.467.522	8.036.508	7.627.662	75.223.927	*Derivative liabilities*

	2016					
Keterangan	**Dalam jangka waktu 1 tahun/ *Within 1 year***	**1-2 tahun/ *1-2 years***	**2-5 tahun/ *2-5 years***	**Lebih dari 5 tahun/ *More than 5 years***	**Jumlah/ *Total***	***Description***
Piutang dari pihak berelasi	251.440.303	-	-	-	251.440.303	*Receivable from a related party*
Aset derivatif	-	1.659.449	-	-	1.659.449	*Derivative assets*
Pinjaman bank jangka pendek	16.000.000	-	-	-	16.000.000	*Short-term bank loan*
Pinjaman bank jangka panjang	228.476.617	9.857.285	983.763.954	15.931.188	1.238.029.044	*Long-term bank loans*
Liabilitas derivatif	63.767.824	-	67.505.001	-	131.272.825	*Derivative liabilities*

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

i. Risiko suku bunga (lanjutan)

Bunga atas instrumen keuangan yang diklasifikasikan sebagai tingkat suku bunga mengambang direvisi dalam jangka waktu kurang dari satu tahun. Sedangkan untuk yang termasuk dalam klasifikasi sebagai tingkat suku bunga tetap adalah tetap sampai dengan jatuh tempo instrumen keuangan tersebut. Instrumen keuangan Grup lainnya yang tidak termasuk dalam tabel di atas adalah instrumen keuangan yang tidak dikenakan bunga atau dengan suku bunga tetap dan oleh karena itu tidak terkena dampak risiko perubahan suku bunga. Pada tanggal 31 Desember 2018, pinjaman bank dengan bunga tetap mencakup 3,5% dari jumlah keseluruhan pinjaman bank.

Grup melakukan transaksi *swap* atas tingkat suku bunga sebagai instrumen lindung nilai untuk mengelola risiko atas tingkat bunga.

Pada tanggal 31 Desember 2018, 2017 dan 2016, jika tingkat suku bunga pinjaman meningkat/menurun sebesar 0,5% dengan semua variabel lain konstan, laba konsolidasian sebelum beban pajak penghasilan dari operasi yang dilanjutkan akan lebih rendah atau tinggi masing-masing sebesar AS$6,0 juta, AS$7,6 juta dan AS$10,1 juta sebagai akibat dari lebih tinggi atau rendah beban bunga dari pinjaman.

ii. Risiko fluktuasi nilai tukar mata uang asing

Pembukuan Grup dilakukan dalam mata uang Dolar AS, oleh karena itu, pendapatan, beban, aset dan liabilitas dalam mata uang selain Dolar AS memiliki eksposur terhadap nilai tukar mata uang tersebut terhadap Dolar AS. Aktivitas eksplorasi dan produksi minyak dan gas Grup di berbagai negara tidak terlepas dari eksposur mata uang setempat.

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

i. Interest rate risk (continued)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above table are either non-interest bearing or have fixed interest rates and are therefore not subject to interest rate risk. As of December 31, 2018, bank loan classified as fixed rate constitute 3.5% of the total bank loans.

The Group entered into interest rate swaps hedging instruments to manage its interest rate.

As of December 31, 2018, 2017 and 2016, if the borrowing rate increases/decreases by 0.5% with all other variables held constant, the consolidated profit before income tax expense from continuing operations will be lower or higher by US$6.0 million, US$7.6 million, and US$10.1 million, respectively, as a results of higher or lower interest expense on borrowings.

ii. Foreign exchange rate risk

The Group maintains its bookkeeping in US Dollar, therefore, a portion of its revenues, expenses, assets and liabilities which are denominated in currencies other than US Dollar are exposed to currency exchange rates against US Dollar. The oil and gas exploration and production activities of the Group in various countries are also exposed to the currency exchange fluctuations of the local currencies.

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

ii. Risiko fluktuasi nilai tukar mata uang asing (lanjutan)

Untuk mengelola risiko mata uang, Grup menandatangani beberapa kontrak *swap* atas mata uang silang. Pada tanggal 31 Desember 2018, 2017 dan 2016, kontrak ini dicatat sebagai transaksi yang tidak ditetapkan sebagai lindung nilai kecuali kontrak lindung nilai atas arus kas, dimana keuntungan atau kerugian yang timbul dari bagian efektif lindung nilai atas arus kas dikreditkan atau dibebankan di pendapatan komprehensif lain (Catatan 26).

Entitas anak tertentu Grup memiliki mata uang fungsional dalam Rupiah. Entitas anak ini terkena dampak atas selisih nilai kurs atas pembelian dan beban utama dalam mata uang yang berbeda dengan mata uang fungsionalnya. Namun, entitas anak ini memiliki lindung nilai alami karena pendapatan tertentu dan beban utama dan pendanaan dalam Dolar AS.

Pada tanggal 31 Desember 2018, 2017 dan 2016, jika nilai tukar Dolar AS terhadap mata uang asing meningkat/menurun sebanyak 10% dengan semua variabel lain konstan, laba konsolidasian sebelum manfaat pajak dari operasi yang dilanjutkan akan lebih tinggi/rendah masing-masing sebesar AS$43 juta, AS$42 juta dan AS$60 juta terutama sebagai akibat dari keuntungan/kerugian selisih kurs dari translasi aset dan liabilitas moneter neto.

iii. Risiko kredit

Risiko kredit adalah risiko dimana salah satu pihak atas instrumen keuangan akan gagal memenuhi kewajibannya dan menyebabkan pihak lain mengalami kerugian keuangan.

Eksposur paling besar adalah sebesar nilai tercatat aset keuangan sebagaimana diungkapkan pada Catatan 6, 7, 8 dan 9 atas laporan keuangan konsolidasian.

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

ii. Foreign exchange rate risk (continued)

In order to manage currency risk, the Group entered into several cross-currency swap and forward contracts. As of December 31, 2018, 2017 and 2016, these contracts are accounted for as transactions that are not designated as hedging contracts except for cash flow hedging contracts, in which the gain or loss arising from the effective portion of cash flow hedge is credited or charged to other comprehensive income (Note 26).

Certain subsidiaries of the Group have functional currencies in Rupiah. These Subsidiaries are exposed to foreign exchange risk as the costs of their major purchases and expenses are denominated in other currencies different from their functional currency. However, these subsidiaries have natural hedge due to certain revenues, major expenses and financing are in US Dollar.

As of December 31, 2018, 2017 and 2016, if the exchange rate of the US Dollar against foreign currencies increases/decreases by 10% with all other variables held constant, the consolidated profit before income tax expense from continuing operations will be higher/lower by US$43 million, US$42 million and US$60 million, respectively, primarily as a result of foreign exchange gains/losses on translations of net monetary assets and liabilities.

iii. Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge its obligation and will incur a financial loss to the other party.

The most significant exposure to the credit risk is represented by the carrying amounts of financial assets as shown in Notes 6, 7, 8 and 9 of the consolidated financial statements.

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

iii. Risiko kredit (lanjutan)

Kas dan setara kas

Sehubungan dengan kas di bank dan deposito berjangka yang ditempatkan pada institusi keuangan, Grup hanya bertransaksi dengan institusi keuangan dan bank yang sehat. Risiko kredit atas penempatan rekening koran dan deposito dikelola oleh manajemen sesuai dengan kebijakan Grup. Investasi atas kelebihan dana dibatasi untuk tiap-tiap bank dan kebijakan ini dievaluasi setiap tahun oleh direksi. Batas tersebut ditetapkan untuk meminimalkan risiko konsentrasi kredit sehingga mengurangi kemungkinan kerugian akibat kebangkrutan bank-bank tersebut.

Grup menyimpan kas dan setara kasnya di dua bank yang secara individu masing-masing mewakili 16% - 24%, 16 - 17% dan 13% - 62% dari jumlah kas dan setara kas pada tanggal 31 Desember 2018, 2017 dan 2016.

Deposito dan rekening bank yang dibatasi penggunaannya milik Grup ditempatkan pada satu bank yang masing-masing mewakili 76%, 71% dan 64% dari jumlah deposito dan rekening bank yang dibatasi penggunaannya pada tanggal 31 Desember 2018, 2017 dan 2016. Identifikasi konsentrasi kredit, bila ada, telah dikendalikan dan dikelola sedemikian rupa.

Piutang usaha

Risiko kredit yang dihadapi Grup berasal dari kredit yang diberikan kepada pelanggan. Grup melakukan hubungan usaha hanya dengan pihak ketiga yang diakui dan kredibel. Grup memiliki kebijakan untuk semua pelanggan yang akan melakukan perdagangan secara kredit harus melalui prosedur verifikasi kredit. Sebagai tambahan, jumlah piutang dipantau secara terus menerus untuk mengurangi risiko piutang yang tidak tertagih.

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

iii. Credit risk (continued)

Cash and cash equivalents

With respect to cash in banks and time deposits with financial institutions, the Group transacts only with financially sound financial institutions and banks with high credit ratings. Credit risk arising from placement of current accounts and deposits is managed in accordance with the Group's policy. Investments of surplus funds are limited for each bank and reviewed annually by the directors. Such limits are set to minimize any significant concentration of credit risk and therefore mitigate financial loss through potential failure of the banks.

The Group has placements of its cash and cash equivalents in two banks that individually represented 16% - 24%, 16% - 17% and 13 - 62% of the total cash and cash equivalents as of December 31, 2018, 2017 and 2016, respectively.

The Group's restricted time deposits and cash in banks are placed in one bank that represented 76%, 71% and 64% of the total restricted time deposits and cash in banks as of December 31, 2018, 2017 and 2016, respectively. Identified concentrations of credit risk, if any, are controlled and managed accordingly.

Trade receivables

The Group is exposed to credit risk arising from the credit granted to its customers. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts.

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

iii. Risiko kredit (lanjutan)

Piutang usaha (lanjutan)

Pada tanggal 31 Desember 2018, piutang usaha Grup terutama terdiri dari dua debitur yang masing-masing mencakup 28% dan 14% dari jumlah piutang usaha.

Pada tanggal 31 Desember 2017, piutang usaha Grup terutama terdiri dari lima debitur yang masing-masing mencakup 20%, 17%, 15%, 13% dan 11% dari jumlah piutang usaha.

Pada tanggal 31 Desember 2016, piutang usaha Grup terutama terdiri dari empat debitur yang masing-masing mencakup 21%, 16%, 14% dan 10% dari jumlah piutang usaha.

Risiko kredit atas piutang usaha dan lain-lain berdasarkan informasi yang disediakan oleh manajemen pada tanggal 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

a. Berdasarkan area geografis

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

iii. Credit risk (continued)

Trade receivables (continued)

As of December 31, 2018, a significant portion of the trade receivables of the Group is due from two debtors whose respective accounts constitute 28% and 14% of the total trade receivables.

As of December 31, 2017, a significant portion of the trade receivables of the Group is due from five debtors whose respective accounts constitute 20%, 17%, 15%, 13% and 11% of the total trade receivables.

As of December 31, 2016, a significant portion of the trade receivables of the Group is due from four debtors whose respective accounts constitute 21%, 16%, 14%, and 10% of the total trade receivables.

The credit risk on trade receivables and other receivables as of December 31, 2018, 2017 and 2016 based on information provided by management is as follows:

a. By geographical area

	2018		
	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Indonesia	93.068.763	114.445.681	*Indonesia*
Luar negeri:			*Overseas:*
Asia	65.557.209	13.579.943	*Asia*
Timur Tengah dan Afrika Utara	12.497.166	3.420.795	*Middle East and North Africa*
Inggris	-	450.000	*United Kingdom*
Jumlah	**171.123.138**	**131.896.419**	***Total***

44. INSTRUMEN KEUANGAN (lanjutan) / ***44. FINANCIAL INSTRUMENTS (continued)***

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan) / ***b. Risk Management Objectives and Policies (continued)***

iii. Risiko kredit (lanjutan) / *iii. Credit risk (continued)*

Piutang usaha (lanjutan) / *Trade receivables (continued)*

a. Berdasarkan area geografis (lanjutan) / *a. By geographical area (continued)*

	2017		
	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Indonesia	97.172.094	431.742.407	*Indonesia*
Luar negeri:			*Overseas:*
Asia	79.163.808	665.612	*Asia*
Timur Tengah dan Afrika Utara	23.232.957	19.055.417	*Middle East and North Africa*
Amerika Serikat	1.194.827	490.151	*United States of America*
Inggris	-	408.557	*United Kingdom*
Jumlah	**200.763.686**	**452.362.144**	***Total***

	2016		
	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Indonesia	48.554.328	329.906.133	*Indonesia*
Luar negeri			*Overseas*
Asia	91.957.873	451.524	*Asia*
Timur Tengah dan Afrika Utara	40.190.239	19.450.979	*Middle East & North Africa*
Amerika Serikat	2.684.631	4.423	*United States of America*
Inggris	150.000	-	*United Kingdom*
Jumlah	**183.537.071**	**349.813.059**	***Total***

b. Berdasarkan jenis debitur / *b. By debtor*

	2018		
	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Pihak-pihak berelasi	-	1.451.445	*Related parties*
Pihak ketiga:			*Third parties:*
Badan Usaha Milik Negara	61.929.639	1.742.925	*State - owned enterprises*
Perusahaan Multinasional	59.593.279	94.579.304	*Multinational companies*
Pemerintah Indonesia	3.873.569	1.464.724	*Government of Indonesia*
Individual	-	5.936.565	*Individuals*
Perusahaan lainnya	45.726.651	26.721.456	*Other companies*
Jumlah	**171.123.138**	**131.896.419**	***Total***

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

iii. Risiko kredit (lanjutan)

Piutang usaha (lanjutan)

b. Berdasarkan jenis debitur (lanjutan)

2017

	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Pihak-pihak berelasi	-	279.759.962	*Related parties*
Pihak ketiga:			*Third parties:*
Perusahaan multinasional	53.001.881	128.727.198	*Multinational companies*
Badan Usaha Milik Negara	49.996.605	9.577.102	*State - owned enterprises*
Pemerintah Indonesia	22.941.517	-	*Government of Indonesia*
Individual	-	1.604.150	*Individuals*
Perusahaan lainnya	74.823.683	32.693.732	*Other companies*
Jumlah	**200.763.686**	**452.362.144**	***Total***

2016

	Piutang Usaha/ *Trade Receivables*	**Piutang Lain-lain/ *Other Receivables***	
Pihak-pihak berelasi	696.806	250.745.343	*Related parties*
Pihak ketiga:			*Third parties:*
Perusahaan multinasional	66.797.705	57.712.957	*Multinational companies*
Badan Usaha Milik Negara	30.439.008	818.700	*State - owned enterprises*
Pemerintah Indonesia	4.262.077	22.637.849	*Government of Indonesia*
Perusahaan Terdaftar di Bursa Efek Indonesia	142.202	-	*Listed companies in the Indonesia Stock Exchange*
Individual	9.347	6.531.308	*Individuals*
Perusahaan lainnya	81.189.926	11.366.902	*Other companies*
Jumlah	**183.537.071**	**349.813.059**	***Total***

iv. Risiko likuiditas

Risiko likuiditas didefinisikan sebagai risiko saat posisi arus kas Grup menunjukkan bahwa pendapatan jangka pendek tidak cukup untuk menutupi pengeluaran jangka pendek. Kebutuhan likuiditas Grup secara historis timbul dari kebutuhan untuk membiayai investasi dan pengeluaran barang modal dan untuk mendanai operasional.

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

iii. Credit risk (continued)

Trade receivables (continued)

b. By debtor (continued)

iv. Liquidity risk

The liquidity risk is defined as a risk where the cash flow position of the Group indicates that the short-term revenue is not sufficient to cover the short-term expenditures. The Group liquidity requirements have historically arisen from the need to finance investments and operational and capital expenditures.

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

iv. Risiko likuiditas (lanjutan)

Dalam mengelola risiko likuiditas, Grup memantau dan menjaga tingkat kas dan setara kas yang dianggap memadai untuk membiayai operasional Grup dan untuk mengatasi dampak dari fluktuasi arus kas. Grup juga secara rutin mengevaluasi proyeksi arus kas dan arus kas aktual, termasuk jadwal jatuh tempo pinjaman jangka panjang, dan terus menelaah kondisi pasar keuangan untuk memelihara fleksibilitas pendanaan dengan cara menjaga ketersediaan komitmen fasilitas kredit. Kegiatan ini bisa meliputi pinjaman bank dan penerbitan ekuitas pasar modal.

Tabel di bawah ini menyajikan periode jatuh tempo liabilitas keuangan Grup berdasarkan pembayaran kontraktual yang tidak didiskontokan:

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

iv. Liquidity risk (continued)

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group also regularly evaluates the projected and actual cash flows, including long-term loan maturity profiles, and continuously assesses the conditions in the financial market to maintain flexibility in funding by keeping committed credit facilities available. These activities may include bank loans and issuance of equity in the capital market.

The table below presents the maturity period of the Group's financial liabilities based on undiscounted contractual payments:

	2018					
Keterangan	**Dalam jangka waktu 1 tahun/ *Within 1 year***	**1-2 tahun/ *1-2 years***	**2-5 tahun/ *2-5 years***	**Lebih dari 5 tahun/ *More than 5 years***	**Jumlah/ *Total***	***Description***
Utang usaha						*Trade payables*
- Pihak berelasi	20.779.088	-	-	-	20.779.088	*Related party -*
- Pihak ketiga	98.291.695	-	-	-	98.291.695	*Third parties -*
Utang lain-lain						*Other payables*
- Pihak berelasi	12.394.583	-	-	-	12.394.583	*Related party -*
- Pihak ketiga	102.043.710	-	-	17.716.644	119.760.354	*Third parties -*
Biaya akrual dan provisi lain-lain	149.053.133	-	-	-	149.053.133	*Accrued expenses and other provisions*
Pinjaman bank						*Bank loans*
- Pokok pinjaman	279.233.950	73.350.000	326.161.867	650.658.585	1.329.404.402	*Principal -*
- Beban bunga masa depan	67.306.682	57.353.811	116.857.301	155.965.034	397.482.828	*Future imputed - interest charges*
Pinjaman dari instansi keuangan non-bank						*Loans from non-bank financial institutions*
- Pokok pinjaman	54.570	10.907.474	-	-	10.962.044	*Principal -*
- Beban bunga masa depan	1.098.990	300.534	-	-	1.399.524	*Future imputed - interest charges*
Wesel jangka menengah						*Medium-term notes*
- Pokok pinjaman	55.000.000	-	67.150.000	-	122.150.000	*Principal -*
- Beban bunga masa depan	6.449.030	6.907.124	2.981.647	-	16.337.801	*Future imputed - interest charges*
Obligasi Dolar AS						*US Dollar bonds*
- Pokok pinjaman	-	-	400.000.000	500.000.000	900.000.000	*Principal -*
- Beban bunga masa depan	68.690.972	68.879.167	158.756.250	37.125.000	333.451.389	*Future imputed - interest charges*
Obligasi Rupiah						*Rupiah bonds*
- Pokok pinjaman	77.480.837	44.851.875	384.963.055	21.269.249	528.565.016	*Principal -*
- Beban bunga masa depan	53.754.620	46.637.322	41.877.684	2.898.501	145.168.127	*Future imputed - interest charges*
Liabilitas derivatif	11.225.780	26.261.744	9.547.491	211.901	47.246.916	*Derivative liabilities*

44. INSTRUMEN KEUANGAN (lanjutan) / *44. FINANCIAL INSTRUMENTS (continued)*

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan) / *b. Risk Management Objectives and Policies (continued)*

iv. Risiko likuiditas (lanjutan) / *iv. Liquidity risk (continued)*

Keterangan	2017 Dalam jangka waktu 1 tahun/ *Within 1 year*	1-2 tahun/ *1-2 years*	2-5 tahun/ *2-5 years*	Lebih dari 5 tahun/ *More than 5 years*	Jumlah/ *Total*	*Description*
Utang usaha						*Trade payables*
- Pihak berelasi	24.689.287	-	-	-	24.689.287	*Related party -*
- Pihak ketiga	115.052.560	-	-	-	115.052.560	*Third parties -*
Utang lain-lain	171.925.141	-	-	17.325.215	189.250.356	*Other payables*
Biaya akrual dan provisi lain-lain	114.744.418	-	-	-	114.744.418	*Accrued expenses and other provisions*
Pinjaman bank						*Bank loans*
- Pokok pinjaman	205.706.594	130.496.623	646.831.439	626.683.731	1.609.718.387	*Principal -*
- Beban bunga masa depan	82.121.375	67.502.912	127.909.842	190.533.100	468.067.229	*Future imputed - interest charges*
Pinjaman dari instansi keuangan non-bank	1.205.049	59.068	5.245.675	22.193.939	28.703.731	*Loans from non-bank financial institutions*
- Pokok pinjaman						*Principal -*
- Beban bunga masa depan	3.560.819	3.404.765	8.762.187	11.512.209	27.239.980	*Future imputed - interest charges*
Wesel jangka menengah						*Medium-term notes*
- Pokok pinjaman	73.811.633	55.000.000	-	-	128.811.633	*Principal -*
- Beban bunga masa depan	11.126.903	2.860.000	-	-	13.986.903	*Future imputed - interest charges*
Obligasi Dolar AS						*US Dollar bonds*
- Pokok pinjaman	-	-	400.000.000	-	400.000.000	*Principal -*
- Beban bunga masa depan	34.000.000	34.000.000	89.424.658	-	157.424.658	*Future imputed - interest charges*
Obligasi Rupiah						*Rupiah bonds*
- Pokok pinjaman	129.059.641	82.816.652	265.684.971	2.214.349	479.775.613	*Principal -*
- Beban bunga masa depan	42.217.445	38.625.960	40.303.331	269.740	121.416.476	*Future imputed - interest charges*
Liabilitas derivatif	55.092.235	4.467.522	8.036.508	7.627.662	75.223.927	*Derivative liabilities*

Keterangan	2016 Dalam jangka waktu 1 tahun/ *Within 1 year*	1-2 tahun/ *1-2 years*	2-5 tahun/ *2-5 years*	Lebih dari 5 tahun/ *More than 5 years*	Jumlah/ *Total*	*Description*
Utang usaha						*Trade payables*
- Pihak ketiga	104.920.029	-	-	-	104.920.029	*Third parties -*
Utang lain-lain						*Other payables*
- Pihak ketiga	102.524.904	-	-	55.477.230	158.002.134	*Third parties -*
Biaya akrual dan provisi lain-lain	75.492.247	-	-	-	75.492.247	*Accrued expenses and other provisions*
Pinjaman bank						*Bank loans*
- Pokok pinjaman	111.511.911	311.599.342	563.604.260	33.481.188	1.020.196.701	*Principal -*
- Beban bunga masa depan	51.380.350	24.117.218	14.813.352	-	90.310.920	*Future imputed - interest charges*
Wesel jangka menengah						*Medium-term notes*
- Pokok pinjaman	-	-	74.095.822	-	74.095.822	*Principal -*
- Beban bunga masa depan	8.298.732	8.298.732	-	-	16.597.464	*Future imputed - interest charges*
Obligasi Dolar AS						*US Dollar bonds*
- Pokok pinjaman	-	17.841.893	-	-	17.841.893	*Principal -*
- Beban bunga masa depan	-	638.665	-	-	638.665	*Future imputed - interest charges*
Obligasi Rupiah						*Rupiah bonds*
- Pokok pinjaman	-	37.143.647	111.404.100	-	148.547.747	*Principal -*
- Beban bunga masa depan	22.886.326	-	-	-	22.886.326	*Future imputed - interest charges*
Obligasi Dolar Singapura						*Singapore Dollar bonds*
- Pokok pinjaman	-	-	68.334.183	-	68.334.183	*Principal -*
- Beban bunga masa depan	4.031.717	4.031.717	-	-	8.063.434	*Future imputed - interest charges*
Liabilitas derivatif	63.767.824	-	67.505.001	-	131.272.825	*Derivative liabilities*

44. INSTRUMEN KEUANGAN (lanjutan)

b. Tujuan dan Kebijakan Manajemen Risiko (lanjutan)

v. Risiko volatilitas harga

Harga jual minyak Grup berdasarkan pada harga *Indonesian Crude Price (ICP)* yang ditetapkan oleh Kementerian Energi dan Sumber Daya Mineral (ESDM) setiap bulannya. Sebagai akibatnya, harga yang diterima oleh Grup untuk produksi minyak, akan tergantung dari banyak faktor di luar kendali Grup.

Sebagian besar gas dijual di Indonesia dihitung berdasarkan sistem kontrak dengan harga tetap dan dengan menggunakan mekanisme tingkat eskalasi tertentu yang diterapkan setiap tahunnya. Dalam hal ini terdapat risiko potensi hilangnya peluang pada saat kenaikan harga pasar minyak dan gas bumi jauh melebihi tingkat eskalasi dalam kontrak.

Gas bumi yang diproduksi di Amerika Serikat, dijual berdasarkan harga pasar Henry Hub. Sehingga, risiko yang dihadapi Grup serupa dengan dampak fluktuasi harga minyak dan gas bumi. Kemudian, pada bulan Februari 2019, operasi di Amerika Serikat telah didivestasi.

Grup memiliki eksposur terhadap risiko fluktuasi harga komoditas di pasar terhadap produk minyak dan gas yang dihasilkan. Kebijakan Grup untuk mengelola resiko ini melalui penggunaan harga berbasis kontrak dengan pelanggan dan kontrak komoditas derivatif ditetapkan sebagai lindung nilai.

44. FINANCIAL INSTRUMENTS (continued)

b. Risk Management Objectives and Policies (continued)

v. Price volatility risk

The selling price of the Group's oil is based on the price of Indonesian Crude Price (ICP) that is determined by the Ministry of Energy and Mineral Resources (ESDM) on a monthly basis. As a result, the price of oil that is produced by the Group will depend largely on factors beyond the control of the Group.

The natural gas produced in Indonesia is largely sold on contract basis with fixed price that allows certain level of escalation annually. There exists a potential risk of opportunity loss when the market price of oil and gas increases well above the escalation cap in the contract.

The Group's gases produced in the United States are sold on the spot market on the basis of the Henry Hub market price. Therefore, the risk faced by the Group is similar to the effects of oil and gas price fluctuation. Subsequently, in February 2019, the operation in the United States has been divested.

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil and gas products that it produces. The Group's policy is to manage these risks through the use of contract-based prices with customers and derivative commodity contracts that are accounted for as designated hedges.

44. INSTRUMEN KEUANGAN (lanjutan)

c. Manajemen Modal

Tujuan Grup ketika mengelola modal adalah:

- Mempertahankan basis modal yang kuat sehingga dapat mempertahankan kepercayaan investor, kreditur dan pasar; dan
- Mempertahankan kelangsungan pembangunan usaha di masa depan.

Grup secara berkala meninjau dan mengelola struktur modal mereka untuk memastikan struktur yang optimal serta tingkat pengembalian pemegang saham, dengan mempertimbangkan kebutuhan modal masa depan dari Grup dan efisiensi modal, profitabilitas yang berlaku dan diproyeksikan, proyeksi arus kas operasi, proyeksi pengeluaran modal dan proyeksi peluang investasi strategis.

Untuk tujuan pengelolaan modal, manajemen menganggap seluruh ekuitas yang diatribusikan kepada pemilik entitas induk sebagai modal. Jumlah modal pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$1.219,2 juta, AS$1.257,5 juta dan AS$887,6 juta yang dianggap optimal oleh manajemen setelah memperhatikan pengeluaran modal yang diproyeksikan dan proyeksi peluang investasi strategis. Dan juga, selama beberapa tahun, laba sebelum pajak penghasilan, bunga, penyusutan dan amortisasi (EBITDA) telah menjadi kendali penting Grup serta juga bagi bank pemberi pinjaman. Pertumbuhan yang berkelanjutan dan optimal dari Grup tergantung pada kemampuan mereka mandiri dalam pendanaan (EBITDA).

Tidak terdapat perubahan pendekatan Grup untuk pengelolaan modal sepanjang periode pelaporan.

44. FINANCIAL INSTRUMENTS (continued)

c. Capital Management

The Group's objectives when managing capital are:

- *To maintain a strong capital base so as to maintain investor, creditor and market confidence; and*
- *To sustain future development of the business.*

The Group regularly reviews and manages their capital structure to ensure optimal structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

For capital management purposes, management regards total equity attributable to the owners of parent company as capital. The amount of capital as of December 31, 2018, 2017 and 2016 is US$1,219.2 million, US$1,257.5 million and US$887.6 million, respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities. Also, over the past years, earnings before income tax, interest, depreciation and amortization (EBITDA) has become an important control figure for the Group as well as for the lending banks. The continuing optimal development of the Group depends on its strong self-financing ability (EBITDA).

There are no changes in the Group's approach to capital management during the reporting period.

45. KESEPAKATAN BAGI HASIL MINYAK DAN GAS

a. Kesepakatan Bagi Hasil - Indonesia

Mayoritas entitas anak yang bergerak di bidang minyak dan gas bumi berlokasi di Indonesia dan beroperasi berdasarkan berbagai kesepakatan bagi hasil dengan SKK Migas. Uraian umum kesepakatan dan ketentuan dalam peraturan baru minyak dan gas bumi yang berlaku tersebut adalah sebagai berikut:

i. Kontrak Bagi Hasil (PSC) - Indonesia

PSC diberikan untuk mencari dan mengembangkan cadangan hidrokarbon komersial di area tertentu sebelum berproduksi secara komersial. Kontraktor pada umumnya diwajibkan untuk menyerahkan kembali persentase tertentu dari area kontrak pada tanggal tertentu, kecuali jika area tersebut terkait dengan permukaan lapangan dimana telah ditemukan minyak dan gas bumi.

Tanggung jawab dari kontraktor dalam PSC umumnya termasuk menyediakan dana atas semua aktivitas serta menyiapkan dan melaksanakan program kerja dan anggaran. Sebagai imbalannya, kontraktor diizinkan untuk melakukan *lifting* atas minyak mentah dan produksi gas yang menjadi haknya.

Bagi hasil dalam bentuk *First Tranche Petroleum* (FTP) sebesar 20% dari total produksi sebelum dikurangi *cost recovery* tersedia untuk Pemerintah dan kontraktor sesuai dengan persentase hak bagi hasil masing-masing.

Jumlah produksi setelah FTP adalah jumlah yang tersedia untuk *cost recovery* bagi kontraktor yang dihitung berdasarkan referensi atas harga minyak mentah yang berlaku di Indonesia dan harga gas aktual. Setelah kontraktor memulihkan semua biaya yang dikeluarkan, Pemerintah berhak memperoleh pembagian tertentu dari hasil produksi minyak mentah dan gas bumi yang tersisa, selanjutnya kontraktor berhak atas sisanya sebagai bagian ekuitas (laba).

45. OIL AND GAS PRODUCTION SHARING ARRANGEMENTS

a. Production Sharing Arrangements - Indonesia

The majority of the Group's oil and gas subsidiaries are located in Indonesia and operated under various production sharing arrangements with SKK Migas. A general description of those arrangements and requirements on the new oil and gas regulation is as follows:

i. Production Sharing Contracts (PSC) - Indonesia

A PSC is awarded to explore for and to establish commercial hydrocarbon reserves in a specified area prior to commercial production. The contractor is generally required to relinquish specified percentages of the contract area on specified dates unless such designated areas correspond to the surface area of any field in which oil and gas has been discovered.

The responsibilities of a contractor under a PSC generally include financing all activities also preparing and executing the work program and budget. In return, the contractor has granted to lifting on its share of crude oil and gas production.

A sharing in the form of First Tranche Petroleum (FTP) of 20% out of total production before deduction of cost recovery is available to the Government and the contractor in line with their entitlement shares.

The balance of production after FTP is available for cost recovery for the contractor which is calculated by reference to the prevailing Indonesian crude price and actual gas prices. After the contractor has recovered all allowable costs, the Government is entitled to a specified share of the remaining natural gas and crude oil production and the contractor is entitled to the balance as its equity (profit) share.

45. KESEPAKATAN BAGI HASIL MINYAK DAN GAS (lanjutan)

a. Kesepakatan Bagi Hasil - Indonesia (lanjutan)

i. Kontrak Bagi Hasil (PSC) - Indonesia (lanjutan)

Kontraktor diwajibkan untuk membayar pajak badan atas bagian labanya berdasarkan tarif pajak yang berlaku di Indonesia pada saat PSC tersebut ditandatangani.

PSC di Indonesia wajib memenuhi *Domestic Market Obligation* (DMO) dimana kontraktor harus menyediakan kepada pasar domestik sebanyak yang lebih rendah antara 25% dari (i) bagian kontraktor sebelum pajak atas total produksi minyak bumi dan (ii) bagian laba kontraktor atas minyak.

ii. Badan Operasi Bersama (JOB) - Indonesia

Dalam JOB, kegiatan operasional dilakukan oleh badan operasi bersama yang dikepalai oleh PT Pertamina (Persero) (Pertamina) dan dibantu oleh kontraktor sebagai pihak kedua dalam JOB. Dalam JOB, 37,5%-50% dari produksi merupakan milik Pertamina, dan sisanya adalah bagian yang dapat dibagikan dan dibagikan kepada pihak-pihak dengan cara yang sama seperti PSC.

Grup pada saat ini memiliki 10 PSC dan 2 JOB di Indonesia.

Sisa komitmen biaya untuk kegiatan pengembangan dan eksplorasi terkait dengan kontrak-kontrak di atas pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$14,9 juta, AS$75,7 juta, dan AS$123,5 juta.

45. OIL AND GAS PRODUCTION SHARING ARRANGEMENTS (continued)

a. Production Sharing Arrangements - Indonesia (continued)

i. Production Sharing Contracts (PSC) - Indonesia (continued)

The contractor is obligated to pay Indonesian corporate taxes on its specified profit share, generally, at the Indonesian corporate tax rate in effect at the time the PSC is executed.

PSCs in Indonesia are subject to a Domestic Market Obligation (DMO) under which the contractor is required to supply the domestic market with the lesser of 25% of (i) the contractor's pre-tax share of total crude oil production and (ii) the contractor's profit share for oil.

ii. Joint Operating Body (JOB) - Indonesia

In a JOB, operations are conducted by a joint operating body headed by PT Pertamina (Persero) (Pertamina) and assisted by the contractor through their respective secondees to the JOB. In a JOB, 37.5%-50% of the production is retained by Pertamina, and the balance is the shareable portion which is split between the parties in the same way as for a PSC.

The Group currently has 10 PSCs and 2 JOBs in Indonesia.

The remaining commitment for exploration and development expenditures relating to the above contracts as of December 31, 2018, 2017 and 2016 is amounting to US$14.9 million, US$75.7 million, and US$123.5 million, respectively.

45. KESEPAKATAN BAGI HASIL MINYAK DAN GAS (lanjutan)

b. Kesepakatan Bagi Hasil - Internasional

Grup memiliki kesepakatan bagi hasil di Libya, Yaman dan Tunisia serta kontrak jasa di Oman dengan kerangka fiskal sebagai berikut:

45. OIL AND GAS PRODUCTION SHARING ARRANGEMENTS (continued)

b. Production Sharing Arrangements - International

The Group has production sharing arrangements in Libya, Yemen and Tunisia and also a service contract in Oman with the following fiscal arrangements:

Entitas Anak/ ***Subsidiaries***	**Kepemilikan Blok/** ***Block Ownership***	**Negara Operasi/** ***Country of Operations***	**Jangka Waktu Kontrak/** ***Contract Term***	**Perjanjian Bagi Hasil Konsesi/** ***Concession Production Sharing Agreement***	
				Pemerintah Setempat/ ***Local Government***	**Entitas Anak/** ***Subsidiaries***
Medco Oman LLC	Karim Small Fields/ *Karim Small Fields*	Oman	25 tahun/ *25 years*	88% atas laba dari jumlah produksi/ *88% of profit from total production*	12% atas laba dari jumlah produksi/ *12% of profit from total production*
Medco International Ventures Ltd	Wilayah 47/*Area 47*	Libya	30 tahun/ *30 years*	86,3% atas laba dari jumlah produksi/ *86.3% of profit from total production*	13,7% atas laba dari jumlah produksi/ *13.7% of profit from total production*
Medco Arabia Ltd	Blok 56/ *Block 56*	Oman	3 tahun periode eksplorasi/ *3 years exploration period*	75% atas laba dari jumlah produksi untuk minyak dan 70% untuk gas/ *75% of profit from total production for oil and 70% for gas*	25% atas laba dari jumlah produksi untuk minyak dan 30% untuk gas/ *25% of profit from total production for oil and 30% for gas*
Medco Energi US LLC	Main Pass 64/ *Main Pass 64*	Amerika Serikat/ *United States*	Sampai dengan selesainya produksi/ *End of production*	23,269% royalti atas jumlah penjualan (16,667% ke pemerintah setempat dan 6,602% ke pemilik pendapatan atas penjualan)/ *23.269% royalties of total sales (16.667% to local government and 6.602% to sales revenue interest owners)*	76,731% dari jumlah penjualan/ *76.731% from total sales*
Medco Yemen Malik Ltd	Blok 9/ *Block 9*	Yaman/*Yemen*	25 tahun/ *25 years*	70% atas laba (untuk produksi sampai dengan 25.000 bopd)/ *70% of profit oil (for production up to 25,000 bopd)*	30% atas laba (untuk produksi sampai dengan 25.000 bopd)/ *30% of profit oil (for production up to 25,000 bopd)*

45. KESEPAKATAN BAGI HASIL MINYAK DAN GAS (lanjutan)

45. OIL AND GAS PRODUCTION SHARING ARRANGEMENTS (continued)

b. Kesepakatan Bagi Hasil - Internasional (lanjutan)

b. Production Sharing Arrangements - International (continued)

Entitas Anak/ ***Subsidiaries***	**Kepemilikan Blok/** ***Block Ownership***	**Negara Operasi/** ***Country of Operations***	**Jangka Waktu Kontrak/** ***Contract Term***	**Perjanjian Bagi Hasil Konsesi/** ***Concession Production Sharing Agreement***	
				Pemerintah Setempat/ ***Local Government***	**Entitas Anak/** ***Subsidiaries***
Medco Ventures International (Barbados) Limited	Blok Bir Ben Tartar/ *Block Bir Ben Tartar*	Tunisia	30 tahun/ *30 years*	65% dari laba minyak (yang dapat dibagikan)/ *65% of profit oil (shareable)*	35% atas laba minyak (yang dapat dibagikan)/ *35% of profit oil (shareable)*
Medco Ventures International (Barbados) Limited	Blok Cosmos/ *Block Cosmos*	Tunisia	50 tahun/ *50 years*	20% atas laba dari jumlah produksi/ *20% of profit from total production*	80% atas laba dari jumlah produksi/ *80% of profit from total production*
Medco Ventures International (Barbados) Limited	Blok Yasmin/ *Block Yasmin*	Tunisia	30 tahun/ *30 years*	20% atas laba dari jumlah produksi/ *20% of profit from total production*	80% atas laba dari jumlah produksi/ *80% of profit from total production*
Medco Ventures International (Barbados) Limited	Blok Sud Remada/ *Block Sud Remada*	Tunisia	13 tahun/ *13 years*	65% dari laba minyak (yang dapat dibagikan)/ *65% of profit oil (shareable)*	35% atas laba minyak (yang dapat dibagikan)/ *35% of profit oil (shareable)*
Medco Ventures International (Barbados) Limited	Blok Jenein/ *Block Jenein*	Tunisia	14 tahun/ *14 years*	70% atas laba minyak (yang dapat dibagikan/ *70% of profit oil (shareable)*	30% atas laba minyak (yang dapat dibagikan)/ *30% of profit oil (shareable)*
Medco Ventures International (Barbados) Limited	Blok Hammamet/ *Block Hammamet*	Tunisia	13 tahun/ *13 years*	60% atas laba minyak (yang dapat dbagikan)/ *60% of profit oil (shareable)*	40% atas laba minyak (yang dapat dibagikan)/ *40% of profit oil (shareable)*
Medco Sahara Limited	Blok Adam/ *Block Adam*	Tunisia	30 tahun/ *30 years*	50% atas laba dari jumlah produksi/ *50% of profit from total production*	50% atas laba dari jumlah produksi/ *50% of profit from total production*
Medco Sahara Limited	Blok Borj El Khadra/ *Block Borj El Khadra*	Tunisia	25 tahun/ *25 years*	50% atas laba dari jumlah produksi/ *50% of profit from total production*	50% atas laba dari jumlah produksi/ *50% of profit from total production*

45. KESEPAKATAN BAGI HASIL MINYAK DAN GAS (lanjutan)

b. Kesepakatan Bagi Hasil - Internasional (lanjutan)

Komitmen pengeluaran yang masih tersisa untuk kegiatan eksplorasi sehubungan dengan kontrak-kontrak tersebut di atas pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$20 juta, AS$23,2 juta, dan AS$23,2 juta.

45. OIL AND GAS PRODUCTION SHARING ARRANGEMENTS (continued)

b. Production Sharing Arrangements - International (continued)

The total remaining commitment for exploration expenditures relating to the above contracts as of December 31, 2018, 2017 and 2016 is amounting to US$20 million, US$23.2 million, and US$23.2 million, respectively.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN

Selama tahun penyajian, Grup melakukan beberapa akuisisi entitas anak dan ventura bersama, termasuk akuisisi dan pelepasan kepemilikan dan/atau hak partisipasi (seluruh atau sebagian), dimana akuisisi dan pelepasan yang signifikan disajikan di paragraf berikut.

Grup telah membuat analisa penilaian provisional atas nilai wajar sementara aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih. Menggunakan sejumlah pertimbangan untuk akuisisinya, Grup telah mengestimasi alokasi atas aset dan liabilitas tersebut.

Nilai wajar yang disajikan adalah jumlah sementara mengingat kompleksitas dari akuisisi dan sifat ketidakpastian yang inheren dari sektor minyak dan gas, terutama dalam menentukan penilaian aset minyak dan gas bumi dan pertambangan. Revisi atas nilai wajar aset dan liabilitas yang diakuisisi akan diselesaikan paling lambat dalam 12 bulan sejak tanggal akuisisi.

Alokasi harga pembelian provisional digunakan pada laporan posisi keuangan konsolidasian dan laporan laba rugi dan penghasilan komprehensif lainnya. Alokasi harga pembelian final akan ditentukan pada saat Grup telah menyelesaikan penilaian yang rinci dan perhitungan lain yang dianggap perlu. Alokasi final mungkin berbeda secara material dari alokasi provisional. Alokasi final mungkin termasuk; (1) perubahan nilai wajar dari aset minyak dan gas bumi; (2) perubahan dalam alokasi aset tak berwujud seperti teknologi dan hubungan pelanggan serta *goodwill*; dan (3) perubahan lain dari aset dan liabilitas.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS

During the years presented, the Group made several acquisitions of subsidiaries and joint venture, including acquisitions and disposals of ownership interests and/or working interests (a whole or in part), whereby the significant acquistions and disposals are disclosed in the succeeding paragraphs herein.

The Group has performed a provisional valuation analysis of the provisional fair value of identifiable assets and liabilities assumed. Using a number of judgment on the acquisitions, the Group has estimated the allocation of the assets and liabilities.

The fair values disclosed are provisional due to complexity of the acquisitions and the inherent uncertain nature of the oil and gas sector, particularly in valuing oil and gas properties and mining properties. The revision of the fair values of the assets and liabilities acquired will be completed within 12 months from the acquisition.

This provisional purchase price allocation has been used in the consolidated statements of financial position and profit or loss and other comprehensive income. The final purchase price allocation will be determined when the Group has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the provisional allocation. The final allocation may include; (1) changes in fair values of oil and gas properties; (2) changes in allocations to intangible assets such as technology and customer relationships as well as goodwill; and (3) other changes to assets and liabilities.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

i. Pada tanggal 28 Desember 2018, Perusahaan dan MDAL menandatangani Perjanjian Jual Beli Saham Bersyarat ("PJBSB") dimana Perusahaan setuju untuk menjual 116.280 lembar saham yang mewakili 51% kepemlikan saham di AMG kepada MDAL seharga AS$163 juta (Catatan 38).

ii. Pada tanggal 26 Desember 2018 PT Medco Services Indonesia, entitas anak yang secara tidak langsung dimiliki sepenuhnya, melakukan investasi pada saham PT Amman Mineral Internasional sebagaimana diungkapkan dalam Catatan 38.

iii. Pada 14 November 2018, AMG telah menandatangani perjanjian novasi bersyarat ("Novasi Bersyarat") dengan PT Medco Intidinamika (MI) dan PT Dago Endah (DE) dimana MI menovasikan seluruh hak dan kewajiban terkait dengan investasi dan pengembangan Kondotel Dago Golf Resort & Spa ("Proyek Kondotel"), yang sebelumnya telah dialihkan dari DE kepada MI. DE pada awalnya telah ditunjuk sebagai investor tunggal untuk menyelesaikan pekerjaan konstruksi atas Proyek Kondotel dari penerima pekerjaan sebelumnya yaitu PT Panghegar Kana Legacy (dalam proses pailit). PT Panghegar Kana Legacy (dalam proses pailit) adalah pengembang awal atas Proyek Kondotel. Perjanjian novasi ini bersyarat sampai diterimanya opini kewajaran dari penilai independen.

Sehubungan dengan perjanjian novasi yang disebutkan di atas, pada 14 November 2018, AMG telah menandatangani Perjanjian Jual Beli Bersyarat ("PJBS") untuk membeli 90% kepemilikan atas PT Wisesa Satya Warna ("WSW") dari MI. WSW adalah perusahaan yang didirikan oleh MI dan DE, dengan komposisi kepemilikan 90% dimiliki oleh MI dan 10% dimiliki oleh DE, dengan tujuan dan hak untuk mengelola operasi Proyek Kondotel. CSPA ini juga bersyarat sampai diterimanya opini kewajaran dari penilai independen. Transaksi ini telah dipublikasikan di surat kabar pada tanggal 27 November 2018.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

i. On December 28, 2018, the Company and MDAL signed a Conditional Sale and Purchase Agreement ("CSPA") whereby the Company agreed to sell 116,280 shares representing 51% shares ownership in AMG to MDAL for US$163 million (Note 38).

ii. On December 26, 2018, PT Medco Services Indonesia, a wholly-owned indirect subsidiary, invested in PT Amman Mineral Internasional shares as disclosed in Note 38.

iii. On November 14, 2018, AMG signed a novation agreement ("Novation Agreement") with PT Medco Intidinamika (MI) and PT Dago Endah (DE) in which MI novated all of its rights and obligations related with the investment and development of Condotel Dago Golf Resort & Spa ("Condotel Project"), which had been previously assigned from DE to MI. DE had initially been appointed as a sole investor to finalize the construction of the Condotel Project by the Receiver of PT Panghegar Kana Legacy (in bankruptcy). PT Panghegar Kana Legacy (in bankruptcy) was the original developer of the Condotel Project. Such Novation Agreement is conditional upon receiving the fairness opinion from an independent appraiser.

In relation with the above Novation Agreement, on November 14, 2018, AMG signed a Conditional Sales and Purchase Agreement ("CSPA") to purchase 90% shares of PT Wisesa Satya Warna ("WSW") from MI. WSW is a company that was established by MI and DE, with shareholding composition of 90% of MI and 10% of DE, with the purpose and the right to manage the operations of Condotel Project. This CSPA is also conditional upon receiving the fairness opinion from an independent appraiser. This transaction has been published in newspaper on November 27, 2018.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Sampai dengan 31 Desember 2018, AMG telah membayarkan sejumlah uang muka sebesar Rp39.800.000.000 atau setara dengan AS$2.748.429 atas Proyek Kondotel, sebagai penggantian atas seluruh biaya dan pengeluaran yang telah dikeluarkan oleh MI sampai dengan September 2018, sebagaimana dinyatakan pada Novasi Bersyarat antara AMG dan MI.

Sampai dengan tanggal 31 Desember 2018 dan sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, belum semua kondisi yang dipersyaratkan PJBS telah dipenuhi. Sehingga transaksi ini belum efektif.

iv. Pada tanggal 29 Juni 2018, Grup menandatangani Perjanjian Jual Beli Saham Bersyarat ("PJBS") dengan PT Medco Daya Abadi Lestari ("MDAL") dan PT Bahtera Daya Makmur ("BDM") terkait penjualan PT Medco Infrastruktur Indonesia (dahulu PT Medco Gas Indonesia) ("MII") dan PT Medco Energi Mining Internasional ("MEMI") (Catatan 38).

Berdasarkan PJBS tersebut, harga beli yang telah disepakati atas seluruh saham Grup atas MII dan MEMI adalah sejumlah AS$17.031.000. Pada tanggal 28 Desember 2018, Perusahaan telah menerima pembayaran atas harga beli tersebut dari MDAL.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

Until December 31, 2018, AMG has paid advance payment to MI amounting to Rp39,800,000,000 or equivalent to US$2,748,429 for Condotel Project, as reimbursement of all costs and expenses incurred by MI up to September 2018, as stated in the Novation Agreement between AMG and MI.

Until December 31, 2018 and up to completion date of the consolidated financial statements, not all conditions precedent in the CSPA have been fulfilled. Thus the transaction is not yet effective.

iv. On June 29, 2018, the Group signed a Conditional Share Sale and Purchase Agreement ("CSPA") with PT Medco Daya Abadi Lestari ("MDAL") and PT Bahtera Daya Makmur ("BDM") related to transfer of the shares in PT Medco Infrastruktur Indonesia (formerly PT Medco Gas Indonesia) ("MII") and PT Medco Energi Mining Internasional ("MEMI") (Note 38).

Based on the CSPA, total purchase price of all shares of the Group in MII and MEMI amounted to US$17,031,000. On December 28, 2018, the Company has received the full payment of the purchase price from MDAL.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Pada tanggal 31 Desember 2018, Grup, MDAL, MEN, dan BDM telah melaksanakan penutupan transaksi *(closing)* PJBS terkait pengalihan seluruh saham milik Grup dalam MII dan MEMI. Penjualan atas keseluruhan saham MEMI kepada MDAL dan BDM telah dituangkan dalam Akta Pernyataan Keputusan Sirkulasi Pemegang Saham No. 27 tanggal 31 Desember 2018 dibuat dihadapan Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn dan diterima oleh Kementerian Hukum dan Hak Asasi Manusia dengan surat No. AHU-AH.01.03-0281729 tertanggal 31 Desember 2018. Penjualan atas keseluruhan saham MII kepada MDAL dan BDM telah dituangkan dalam Akta Pernyataan Keputusan Sirkulasi Pemegang Saham No. 28 tanggal 31 Desember 2018 dibuat dihadapan Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn dan diterima oleh Kementerian Hukum dan Hak Asasi Manusia dengan surat No. AHU-AH.01.03-0281725 tertanggal 31 Desember 2018.

v. Pada tanggal 27 Desember 2017, PT Medco Energi CBM Indonesia menandatangani Perjanjian Jual Beli ("PJB") saham tahap I dengan PT Medco Daya Sentosa, untuk melepaskan 490.000 saham atas PT Medco CBM Bengara. Penjualan ini telah mendapat persetujuan berdasarkan Keputusan Sirkuler Para Pemegang saham dengan Akta Notaris No. 14 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 27 Desember 2017.

Pada tanggal 28 Desember 2017, PT Medco Energi Nusantara menandatangani perjanjian jual beli saham dengan PT Medco Daya Abadi Lestari, untuk melepaskan 100 saham atas PT Medco CBM Bengara.

Pada tanggal 28 Desember 2017, PT Medco Energi CBM Indonesia menandatangani perjanjian jual beli saham tahap II dengan PT Medco Daya Sentosa, untuk melepaskan 509.900 saham atas PT Medco CBM Bengara. Penjualan ini telah mendapat persetujuan berdasarkan Keputusan Sirkuler Para Pemegang saham dengan Akta Notaris No. 16 oleh Siti Rumondang Bulan Lubis, SH, M.Kn pada tanggal 28 Desember 2017.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

On December 31, 2018, the Group, MDAL, MEN and BDM has conducted closing to the CSPA with regard to the transfer of all shares of the Group in MII and MEMI. The transfer of shares in MEMI to MDAL and BDM has been approved based on Resolution of the Shareholders under Notarial Deed No. 27 by Siti Rumondang Bulan Lubis, S.H., M.Kn on December 31, 2018 and acknowledged by Ministry of Law and Human Rights by its letter No. AHU-AH.01.03-0281729 dated December 31, 2018. The transfer of shares in MII to MDAL and BDM has been approved based on Resolution of the Shareholders under Notarial Deed No. 28 by Siti Rumondang Bulan Lubis, S.H., M.Kn on December 31, 2018 acknowledged by Ministry of Law and Human Rights by its letter No. AHU-AH.01.03-0281725 dated December 31, 2018.

v. On December 27, 2017, PT Medco Energi CBM Indonesia signed a Share Sale and Purchase Agreement ("SPA") phase I with PT Medco Daya Sentosa, to divest 490,000 shares of PT Medco CBM Bengara. The sale has been approved based on Resolution of the Shareholders under Notarial Deed No. 14 by Siti Rumondang Bulan Lubis, SH, M.Kn on December 27, 2017.

On December 28, 2017, PT Medco Energi Nusantara signed a Share Sale and Purchase Agreement (SPA) with PT Medco Daya Abadi Lestari, to divest 100 shares of PT Medco CBM Bengara.

On December 28, 2017, PT Medco Energi CBM Indonesia signed a Share Sale and Purchase Agreement (SPA) phase II with PT Medco Daya Sentosa, to divest 509,900 shares of PT Medco CBM Bengara. The sale has been approved based on Circular Resolution of the Shareholders under Notarial Deed No. 16 of Siti Rumondang Bulan Lubis, SH, M.Kn on December 28, 2017.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

vi. Pada tanggal 13 September 2017, Perusahaan menandatangani Akta Novasi Bersyarat dan Perubahan atas Perjanjian Jual Beli ("PJB") antara PT Saratoga Sentra Business ("SSB"), S Asia III Luxembourg S.A.R.L. ("SAL") dan PT Medco Daya Abadi Lestari ("MDAL") tertanggal 21 Juni 2017 ("Perjanjian Novasi"), di mana MDAL bermaksud mengakuisisi 77,68% kepemilikan PT Saratoga Power ("SP") dari SSB dan SAL. Dengan Perjanjian Novasi ini, SSB, SAL dan MDAL telah menyetujui pemindahan hak dan kewajiban MDAL sebagai pembeli SP kepada Perusahaan. PT Saratoga Power memiliki kepemilikan sebesar 51% pada PT Medco Power Indonesia ("MPI"), di mana Perusahaan saat ini telah memiliki 49% kepemilikan pada MPI. Dengan transaksi ini, porsi kepemilikan efektif Perusahaan di MPI meningkat dari 49% ke 88,62%.

Berdasarkan Akta Novasi Bersyarat dan Perubahan, nilai pembelian yang harus dibayarkan Perusahaan adalah sebesar AS$122 juta, dimana AS$5 juta telah dibayarkan pada tanggal 13 September 2017 dan AS$117 juta dibayarkan pada tanggal 3 Oktober 2017. Sehubungan dengan transaksi ini, Perusahaan juga diharuskan untuk membayarkan kepada SSB dan SAL saldo dana *cash call* yang masih belum dilunasi oleh SP ke SSB dan SAL pada tanggal penutupan, yaitu sebesar AS$7,2 juta.

Transaksi ini telah berlaku efektif pada tanggal 3 Oktober 2017 dengan dipenuhinya seluruh persyaratan pendahuluan berdasarkan PJB dan Perjanjian Novasi.

Berdasarkan Akta Notaris Jose Dima Satria, S.H., M.Kn. No. 8 tanggal 3 Oktober 2017, Perusahaan, SAL, SSB dan International Finance Corporation ("IFC") telah menyetujui beberapa hal sebagai berikut:

- Menjual seluruh kepemilikan yang dimiliki oleh SAL dan SSB sejumlah 784.840 lembar saham (77,68%) kepada Perusahaan;
- Pergantian Dewan Komisaris dan Dewan Direksi SP;
- Penerbitan saham kolektif baru atas nama Perusahaan;
- Pengalihan rekening bank SP

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

vi. On September 13, 2017, the Company signed a Deed of Conditional Novation and Amendment to SPA Between PT Saratoga Sentra Business ("SSB"), S Asia III Luxembourg S.A.R.L ("SAL") and PT Medco Daya Abadi Lestari ("MDAL") dated June 21, 2017 ("Novation Deed"), whereby MDAL intends to acquire 77.68% ownership in PT Saratoga Power ("SP") from SSB and SAL. With this Novation Deed, SSB, SAL and MDAL have agreed to novate the rights and obligations of MDAL as the purchaser of SP to the Company. PT Saratoga Power has 51% ownership in PT Medco Power Indonesia ("MPI"), while the Company concurrently has 49% ownership in MPI. With this transaction, the effective portion of Company's stake in MPI increased from 49% to 88.62%.

Based on the Deed of Conditional Novation, the purchase price that should be paid by the Company amounted to US$122 million, in which US$5 million has been paid on September 13, 2017 and US$117 million was paid on October 3, 2017. The Company was also required to pay the remaining cash call balance to SSB and SAL, which has not been paid by SP to SSB and SAL at closing date, amounting to US$7.2 million.

This transaction became effective on October 3, 2017 with the satisfaction of all conditions precedent specified under the SPA and Novation Deed.

Based on Notarial Deed No. 8 of Jose Dima Satria, S.H., M.Kn. dated on October 3, 2017, the Company, SAL, SSB and International Finance Corporation ("IFC") have agreed to the following items:

- *Sell all the shares owned by SAL and SSB amounting to 784,840 shares (77.68%) to the Company;*
- *Change of SP Board of Commissioners and Board of Directors;*
- *Issued new collective shares on behalf of the Company's name;*
- *Reassigned bank account of SP*

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Akta notaris tersebut telah disetujui oleh Kementerian Hukum dan HAM dengan surat keputusannnya No. AHU-AH.01.03-0181313 tanggal 17 Oktober 2017.

Pada tanggal 3 Oktober 2017, melalui Akta Notaris No. 9 oleh Notaris Jose Dima Satria, S.H., M.Kn., SAL menjual 541.269 lembar saham SP kepada Perusahaan (53,57% kepemilikan atas SP).

Pada tanggal 3 Oktober 2017, melalui Akta notaris No. 10 oleh Notaris Jose Dima Satria, S.H., M.Kn., SSB menjual 243.571 lembar saham SP kepada Perusahaan (24,11% kepemilikan atas SP).

Tabel berikut adalah ikhtisar alokasi harga pembelian pada tanggal efektif (3 Oktober 2017):

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

This Notarial Deed has been approved by Minister of Law and Human Rights in its approval letter No. AHU-AH.01.03-0181313 dated October 17, 2017.

On October 3, 2017, based on the Notarial Deed No. 9 of Jose Dima Satria, S.H., M.Kn., SAL sold 541,269 shares of SP to the Company (53.57% shares of SP).

On October 3, 2017, based on the Notarial Deed No. 10 of issued by Notary Jose Dima Satria, S.H., M.Kn., SSB sold 243,571 shares of SP to the Company (24.11% shares of SP).

The following table summarizes the purchase price allocation as of the effective date (October 3, 2017):

	Nilai Wajar (AS$)/ *Fair Value (US$)*	
Aset		***Assets***
Kas dan setara kas	55.189.506	*Cash and cash equivalents*
Piutang usaha	23.448.044	*Trade receivables*
Persediaan	2.847.752	*Inventory*
Rekening bank yang dibatasi penggunaannya	26.536.036	*Restricted cash in banks*
Konsesi aset keuangan	521.901.870	*Concession financial assets*
Beban dibayar di muka dan uang muka	9.642.165	*Prepaid expense and advances*
Piutang sewa pembiayaan	254.006.021	*Finance lease receivables*
Tagihan pajak penghasilan	24.978.856	*Claim for income tax refund*
Aset tetap	57.105.157	*Property, plant and equipment*
Goodwill	21.243.397	*Goodwill*
Aset lancar dan tidak lancar lainya	37.551.972	*Other current and non-current assets*
Sub-jumlah	1.034.450.776	*Sub-total*
Liabilitas		***Liabilities***
Pinjaman jangka pendek	22.000.000	*Short-term loans*
Utang usaha	18.705.226	*Trade payables*
Utang pajak	3.768.027	*Taxes payables*
Utang lain-lain	2.449.321	*Other payables*
Biaya akrual	20.824.677	*Accrued expenses*
Liabilitas pajak tangguhan	45.555.420	*Deferred tax liabilities*
Pinjaman jangka panjang	497.992.011	*Long-term debt*
Liabilitas derivatif	24.821.074	*Derivative liabilities*
Utang lain-lain	31.143.766	*Other payable*
Sub-jumlah	667.259.522	*Sub-total*
Kepentingan nonpengendali	(99.874.472)	*Non-controlling interest*

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

	Nilai Wajar (AS$)/ *Fair Value (US$)*	
Aset neto pada nilai wajar	**267.316.782**	***Net assets at fair value***
Bagian kepentingan non pengendali atas aset teridentifikasi SP	(31.970.172)	*Non-controlling interest of identified asset SP*
Nilai wajar kepemilikan saham Perusahaan di MPI sebelum kombinasi bisnis	(150.895.580)	*Fair value of the Company's equity interest in MPI held before the business combination*
Nilai wajar aset neto teridentifikasi	**84.451.030**	***Total identifiable net assets at fair values***
Goodwill (Catatan 20)	44.763.914	*Goodwill (Note 20)*
Imbalan pembelian yang dialihkan	129.214.944	*Purchase consideration transferred*
Dikurangi kas yang diperoleh dari entitas anak yang diakuisisi	(55.189.506)	*Net cash of the acquired subsidiary*
Akuisisi entitas anak, setelah dikurangi kas yang diperoleh	**74.025.438**	***Acquisition of a subsidiary, net of cash acquired***

Bagian kepentingan nonpengendali diukur pada proporsi kepemilikan kepentingan non-pengendali atas aset neto teridentifikasi dari pihak diakuisisi.

The non-controlling interest is measured at the proportionate share in the non-controlling of the acquiree's identifiable net assets.

Grup mengakui keuntungan neto sebesar AS$16,1 juta atas pengukuran kembali 49% kepentingan yang dimiliki sebelumnya di MPI pada nilai wajar tanggal akuisisi. Keuntungan ini diakui di laporan laba rugi dan penghasilan komprehensif lain konsolidasian tanggal 31 Desember 2017.

The Group recognized a gain of US$16.1 million as a result of the remeasurement of its previously held 49% equity interest in MPI at its acquisition date fair value. The gain is recognized in the December 31, 2017 consolidated statement of profit or loss and other comprehensive income.

Saldo *goodwill* yang timbul dari akuisisi ini sebesar AS$44,8 juta, yang terdiri atas (i) AS$10,7 juta atas nilai lebih dari akuisisi 77,68% saham SP, (ii) AS$4,1 juta atas nilai lebih dari pengukuran kembali 49% kepentingan yang dimiliki sebelumnya di MPI, (iii) AS$30 juta atas nilai lebih dari 49% kepentingan terhadap MPI sebelumnya.

Goodwill from this acquisition amounted to US$44.8 million, consisting of (i) US$10.7 million of excess from acquisition 77.68% shares of SP, (ii) US$4.1 million of excess from remeasurement of previously owned 49% interest in MPI (iii) US$30 million of excess from 49% previous interest in MPI.

Pada bulan Desember 2017, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran.

In December 2017, the Group was able to finalize the purchase price allocation during the measurement period.

vii. Pada tanggal 26 April 2017, Medco Arabia Limited dan Biyaq Oilfield Services LLC menandatangani *Farmout Agreement,* di mana Medco Arabia Limited setuju menyerahkan 25% *("Farmout interest")* hak partisipasi miliknya di Blok 56 kepada Biyaq Oilfield Services LLC.

vii. On April 26, 2017, Medco Arabia Limited and Biyaq Oilfield Services LLC signed a Farmout Agreement, whereby Medco Arabia Limited agreed to assign 25% ("Farmout interest") of its participating interest in the Block 56 to Biyaq Oilfield Services LLC.

Pada tanggal 29 November 2018, transaksi ini telah selesai dengan nilai transaksi sebesar AS$1.500.000 yang akan dibayar dengan angsuran sebanyak enam kali dimulai dari 30 April 2019 sampai dengan 30 Desember 2020.

On November 29, 2018, this transaction has been completed with consideration amount of US$1,500,000 which will be paid in six installments from April 30, 2019 to December 30, 2020.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

viii. Pada tanggal 21 Maret 2017, melalui Akta Notaris No. 10 oleh Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn., Grup telah membeli 49% kepemilikan atas PT Medco Daya Sentosa ("MDS") yang dimiliki oleh PT Medco Daya Abadi Lestari ("MDAL"). Kepemilikan yang dibeli Grup sebanyak 269.500 lembar saham atau setara dengan kepemilikan 49%.

Selanjutnya, pada tanggal 23 Maret 2017, melalui Akta Notaris No. 11 oleh Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn., Grup membeli tambahan 49% kepemilikan atas MDS dari MDAL dan 1% kepemilikan atas MDS yang dimiliki oleh PT Medco Daya Energi Nusantara ("MDEN"), sehingga, jumlah kepemilikan yang dibeli Grup sebanyak 544.500 lembar saham atau setara dengan kepemilikan sebesar 99%.

Berdasarkan akta notaris, MDS didirikan oleh MDAL dan MDEN pada tanggal 30 September 2016 dengan modal saham ditempatkan dan disetor penuh sejumlah 550.000 lembar saham dengan nilai nominal seluruhnya sebesar Rp550.000.000.

Grup dan MDAL telah menyepakati harga beli atas saham MDS sejumlah Rp539 juta atau setara dengan AS$41 ribu dan Grup dengan MDEN telah menyepakati harga beli atas saham MDS sejumlah Rp5,5 juta atau setara dengan AS$418. Imbalan pembelian yang dialihkan atas akuisisi MDS sama dengan nilai wajar aset neto teridentifikasinya sehingga tidak terdapat keuntungan pembelian diskon atau *goodwill* dari transaksi tersebut.

Pada tanggal 27 Maret 2017, PT Medco Daya Sentosa menandatangani *Share Sale and Purchase Agreement* ("SPA") dengan INPEX Corporation, untuk membeli 100% kepemilikan atas INPEX Natuna Ltd ("SPA Inpex Natuna"). Inpex Natuna memiliki 35% hak partisipasi di blok produksi PSC South Natuna Sea Block B. Terkait dengan penandatanganan SPA Inpex Natuna, Perusahaan memberikan *Corporate Guarantee* tertanggal 27 Maret 2017 kepada INPEX Corporation selaku penjual.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

viii. On March 21, 2017, based on the Notarial Deed No. 10 issued by Siti Rumondang Bulan Lubis, S.H., M.Kn., the Group purchased 49% ownership in PT Medco Daya Sentosa ("MDS") owned by PT Medco Daya Abadi Lestari ("MDAL"). The ownership purchased by the Group consisted of 269,500 shares, or equivalent to 49% ownership.

Moreover, on March 23, 2017, based on the Notarial Deed No. 11 issued by Siti Rumondang Bulan Lubis, S.H., M.Kn., the Group purchased additional 49% ownership in MDS from MDAL and 1% ownership of MDS from PT Medco Daya Energi Nusantara ("MDEN"), therefore, the total ownership purchased by the Group consisted of 544,500 shares, or equivalent to 99% ownership.

Based on notarial deed, MDS was established by MDAL and MDEN on September 30, 2016 with issued and fully paid 550,000 shares with total nominal value of Rp550,000,000.

The Group and MDAL have agreed to the shares purchase price of MDS totaling Rp539 million or equivalent to US$41 thousand and the Group has agreed with MDEN to the shares purchase price of MDS amounting to Rp5.5 million or equivalent to US$418. Purchase consideration transferred for the MDS acquisition is the same with the total identifiable net assets at fair value, therefore, no bargain purchase or goodwill is recognized from such transaction.

On March 27, 2017, PT Medco Daya Sentosa signed a Share Sale and Purchase Agreement ("SPA") with INPEX Corporation, to acquire 100% shares of INPEX Natuna Ltd ("SPA Inpex Natuna"). Inpex Natuna owns 35% of participating interest in a producing block, the PSC South Natuna Sea Block B. In relation to the execution of the SPA Inpex Natuna, the Company provided a Corporate Guarantee dated March 27, 2017 to INPEX Corporation as the seller.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Pada tanggal 12 Mei 2017, Perusahaan menandatangani *Conditional Share Sale and Purchase Agreement* terkait pengalihan 98% saham dalam MDS kepada MDAL yang sebelumnya merupakan pemegang 1% saham MDS. Penjualan 48% saham dalam MDS efektif terjadi pada tanggal 12 Mei 2017 di mana keputusan pemegang saham terkait hal ini dituangkan dalam Akta Pernyataan Keputusan Sirkulasi Pemegang Saham No. 13 Tanggal 12 Mei 2017 dibuat di hadapan Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn. dan penjualan 50% saham sisanya efektif terjadi pada tanggal 15 Mei 2017 di mana keputusan pemegang saham terkait hal ini dituangkan dalam Akta Pernyataan Keputusan Sirkuler Pemegang Saham No. 14 Tanggal 15 Mei 2017 dibuat dihadapan notaris yang sama. Dengan efektifnya *Conditional Share Sale and Purchase Agreement* ini, kepemilikan saham Perusahaan dalam MDS menjadi 1% dan sisanya dimiliki oleh MDAL.

Terkait pengalihan 98% saham milik Perusahaan kepada MDAL, untuk kepentingan Perusahaan, MDAL menandatangani *Counter Guarantee and Indemnity* tanggal 12 Mei 2017 sehubungan dengan Jaminan Perusahaan dalam Perjanjian Jual Beli Saham dengan Inpex Corporation ("SPA Inpex Natuna"). SPA Inpex Natuna telah efektif pada tanggal 31 Mei 2017.

ix. Pada tanggal 15 November 2016, Perusahaan, melalui PT Medco CBM Lematang, entitas anak yang dimiliki seluruhnya, menandatangani *Deed of Assignment* terkait pengalihan hak partisipasi 34% milik PT Medco CBM Lematang dalam PSC Blok CBM Lematang kepada PT Methanindo Energi Resources ("MER") dan menandatangani Amandemen Perjanjian Jual Beli Aset dengan MER. Sebagai kompensasi atas penjualan hak partisipasi dan pengalihan *operatorship* tersebut, MER setuju untuk membayar AS$555.666 dalam tiga tahap:

a. AS$120.000 pada saat tanggal penandatanganan;
b. AS$180.000 pada tanggal 31 Januari 2017;
c. AS$255.666 selambatnya 7 hari kerja setelah tanggal persetujuan Pemerintah atas pengalihan sisa hak partisipasi (34%) milik PT Medco CBM Lematang kepada MER.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The Company executed a Conditional Share Sale and Purchase Agreement dated May 12, 2017 with respect to the transfer of 98% share ownership of the Company in MDS to MDAL, as the previous holder of 1% share in MDS. The transfer of 48% shares in MDS became effective on May 12, 2017 as approved in the Circular Resolution of the Shareholders covered by Deed No. 13 dated May 12, 2017 made before Notary Siti Rumondang Bulan Lubis, S.H., M.Kn. and the transfer of the remaining 50% shares in MDS became effective on May 15, 2017, as approved in the Circular Resolution of the Shareholders covered by Deed No 14. dated May 15, 2017 made before the same notary. With the effectivity of this Conditional Shares Sale and Purchase Agreement, the share ownership of the Company in MDS became 1% while MDAL owns the remaining portion of the shares.

In relation to the transfer of such 98% shares to MDAL, for the benefit of the Company, MDAL executed a Counter Guarantee and Indemnity dated May 12, 2017 in relation to the Company Guarantee under the Share Sale and Purchase Agreement (SPA) with Inpex Corporation ("SPA Inpex Natuna"). The SPA Inpex Natuna was effective on May 31, 2017.

ix. On November 15, 2016, the Company, through PT Medco CBM Lematang, a wholly-owned subsidiary, signed Deed of Assignment related to the transfer of 34% of PT Medco CBM Lematang's participating interest in CBM Lematang PSC to PT Methanindo Energi Resources ("MER") and signed Amendment to Asset Sale and Purchase Agreement with MER. In compensation for the sale of the participating interest and operatorship, MER agreed to pay US$555,666 consideration in three stages:

a. US$120,000 on the signing date;

b. US$180,000 on January 31, 2017;

c. US$255,666 at the latest 7 business days after the approval date by the Government for the assignment of the remaining participating interest (34%) owned by PT Medco CBM Lematang to MER.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Pada tanggal 28 Juli 2017, Kementerian Energi dan Sumber Daya Mineral telah menyetujui pengalihan hak partisipasi PT Medco CBM Lematang kepada MER. Pada tanggal 29 Agustus 2017, SKK Migas juga telah menyetujui pengalihan hak partisipasi ini.

Transaksi ini menghasilkan kerugian sebesar AS$73.923 yang diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2017.

Nilai tercatat aset dan liabilitas dari pelepasan hak partisipasi adalah sebagai berikut:

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

On July 28, 2017, the Ministry of Energy and Mineral Resources has approved the transfer of the participating interest of PT Medco CBM Lematang to MER. On August 29, 2017, SKK Migas also approved the transfer of the participating interest.

The transaction resulted in a loss of US$73,923 recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2017.

The carrying amounts of assets and liabilities associated with the participating interest are as follows:

	Nilai tercatat (AS$)/ *Carrying Value (US$)*	
Piutang lain-lain	17.581	*Other receivables*
Aset eksplorasi dan evaluasi	576.125	*Exploration and evaluation assets*
Aset lancar lain-lain	41.250	*Other current assets*
Utang usaha	(152)	*Trade payables*
Utang lain-lain	(5.215)	*Other payables*

x. Pada tanggal 9 November 2016, PT Medco E & P Malaka ("MEPM") dan KrisEnergy (Block A Aceh) B.V. ("KrisEnergy") menandatangani *Farmout Agreement*, dimana KrisEnergy setuju menyerahkan 26,6666% (*"Farmout interest")* hak partisipasi miliknya di PSC Blok A Aceh kepada MEPM dengan nilai pembelian sebesar AS$14,4 juta. Sehubungan dengan transaksi ini, MEPM juga membayarkan dana *cash call* KrisEnergy untuk bulan Mei 2016 sampai April 2017 sejumlah AS$34.646.124.

Pada tanggal 6 April 2017, Kementerian Energi dan Sumber Daya Mineral telah menyetujui transaksi ini. Pada tanggal 17 April 2017, Badan Pengelola Migas Aceh telah menyetujui transaksi ini. Pada tanggal 28 April 2017, MEPM telah menyelesaikan pembayaran transaksi ini.

x. On November 9, 2016, PT Medco E & P Malaka ("MEPM") and KrisEnergy (Block A Aceh) B.V. ("KrisEnergy") signed a Farmout Agreement, whereby KrisEnergy agreed to assign 26.6666% ("Farmout interest") of its participating interest in the Block A Aceh PSC to MEPM with purchase price amounting to US$14.4 million. MEPM also paid cash call of KrisEnergy for May 2016 until April 2017 amounting to US$34,646,124.

On April 6, 2017, the Ministry of Energy and Mineral Resources approved this transaction. On April 17, 2017, Badan Pengelola Migas Aceh has approved this transaction. On April 28, 2017, MEPM completed the payment for this transaction.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Tabel berikut adalah ikhtisar alokasi harga pembelian awal pada tanggal efektif (28 April 2017):

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The following table summarizes the allocation of the preliminary purchase price as of the effective date (April 28, 2017):

	Nilai Wajar Sementara (AS$)/ *Provisional Fair Value (US$)*	
Aset		***Assets***
Kas dan setara kas	315.104	*Cash and cash equivalents*
Piutang lain-lain	6.486.736	*Other receivables*
Persediaan	6.791.971	*Inventory*
Beban dibayar di muka	17.588	*Prepaid expenses*
Aset minyak dan gas bumi (Catatan 19)	58.953.614	*Oil and gas properties (Note 19)*
Aset eksplorasi dan evaluasi (Catatan 18)	15.378.466	*Exploration and evaluation asset (Note 18)*
Aset lain-lain	20.000	*Other assets*
Aset pajak tangguhan	19.138.816	*Deferred tax asset*
Sub-jumlah	107.102.295	*Sub-total*
Liabilitas		***Liabilities***
Utang usaha	2.940.618	*Trade payables*
Utang pajak	116.700	*Tax payable*
Utang lain-lain	1.005.800	*Other payables*
Biaya akrual	10.577.204	*Accrued expenses*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	347.897	*Asset abandonment and site restoration obligations and other provisions*
Sub-jumlah	14.988.219	*Sub-total*
Nilai wajar aset neto teridentifikasi	**92.114.076**	***Total identifiable net assets at fair values***
Keuntungan pembelian diskon	(43.067.951)	*Bargain purchase*
Imbalan pembelian yang dialihkan	49.046.125	*Purchase consideration transferred*
Dikurangi kas yang diperoleh dari hak partisipasi yang diakuisisi	(315.104)	*Net cash of the acquired interest*
Akuisisi hak partisipasi, setelah dikurangi kas yang diperoleh	**48.731.021**	***Acquisition of an interest, net of cash acquired***

Perusahaan berkeyakinan telah dapat mengakuisisi porsi hak partisipasi yang dimiliki KrisEnergy di Blok A di bawah nilai wajar asetnya dikarenakan (i) posisi unik Perusahaan sebagai operator Blok A di Indonesia, yang memungkinkan penjual meminimalkan risiko yang harus ditanggung di masa mendatang, (ii) intensi penjual untuk keluar dari operasi di blok tersebut karena untuk program pengembangan blok tersebut masih membutuhkan dana yang cukup besar sementara penjual memiliki prioritas lain dalam alokasi dananya.

The Company believes that it was able to acquire KrisEnergy's share in Block A participating interest for less than the fair value of its assets because of (i) the Company's unique position as the operator of Block A in Indonesia, enabling the seller to minimize its future risks and warranties, (ii) the seller's intent to exit its operation in the block as significant sum of funds is needed for the development program whereas the seller has other priorities for its funds.

Pada bulan April 2018, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran dan menyelesaikan penilaian terhadap aset minyak dan gas bumi yang nilai wajarnya telah diakui pada laporan keuangan konsolidasian tanggal 31 Desember 2017. Berdasarkan evaluasi akhir manajemen, tidak ada perubahan diperlukan.

In April 2018, the Group was able to finalize the purchase price allocation during the measurement period and completed the valuation of the oil and gas properties, which fair values were recognized in the December 31, 2017 consolidated financial statements. Based on final evaluation by the management, no change was necessary.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

xi. Pada tanggal 18 September 2016, Medco Natuna menandatangani *Share Purchase and Sale Agreement* ("SPA") dengan ConocoPhillips Indonesia Holding Limited ("ConocoPhillips") dan ConocoPhillips Company untuk mengakuisisi 100% saham anak perusahaannya, ConocoPhillips Indonesia Inc Limited ("CIIL") dan ConocoPhillips Singapore Operations Pte Limited ("CSOP") dengan nilai pembelian masing-masing sebesar AS$238.000.000 dan AS$1.000.000. Berdasarkan SPA, Medco Natuna juga diharuskan untuk membayar liabilitas imbalan kerja CIIL sebesar AS$38.449.384.

Nilai wajar sementara dari aset dan liabilitas teridentifikasi CIIL dan CSOP pada tanggal akuisisi (17 November 2016) adalah:

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

xi. On September 18, 2016, Medco Natuna signed a Share Purchase and Sale Agreement ("SPA") with ConocoPhillips Indonesia Holding Limited ("ConocoPhillips") and ConocoPhillips Company, to acquire 100% shares of their subsidiaries, ConocoPhillips Indonesia Inc Limited ("CIIL") and ConocoPhillips Singapore Operations Pte Limited ("CSOP") with acquisition price amounting to US$238,000,000 and US$1,000,000, respectively. Based on the SPA, Medco Natuna is also required to pay employee benefit liabilities of CIIL amounting to US$38,449,384.

The provisional fair values of the identifiable assets and liabilities of CIIL and CSOP as at the date of acquisition (November 17, 2016) were:

	Nilai Wajar Sementara (AS$)/ *Provisional Fair Values (US$)*		
	CSOP	**CIIL**	
Kas dan setara kas	124.881	34.932.167	*Cash and cash equivalents*
Piutang usaha	-	122.405.488	*Accounts receivable*
Piutang lain-lain	329.157	13.371.557	*Other receivables*
Persediaan	-	29.800.286	*Inventory*
Beban dibayar di muka	-	3.291.977	*Prepaid expenses*
Aset pajak tangguhan	-	51.032.052	*Deferred tax assets*
Aset minyak dan gas bumi (Catatan 19)	-	177.773.168	*Oil and gas properties (Note 19)*
Utang usaha	(114.363)	(68.456.232)	*Trade payables*
Utang pajak	-	(18.806.381)	*Tax payables*
Utang lain-lain dan biaya akrual	(267.165)	(24.410.350)	*Other payables and accrued expenses*
Nilai wajar aset neto teridentifikasi	72.510	320.933.732	*Total identifiable net assets at fair values*
Goodwill (keuntungan pembelian dengan diskon)	1.017.204	(25.600.021)	*Goodwill (bargain purchase)*
Imbalan pembelian yang dialihkan	1.089.714	295.333.711	*Purchase consideration transferred*
Dikurangi kas yang diperoleh dari entitas anak yang diakuisisi	**(124.881)**	**(34.932.167)**	***Net cash of the acquired subsidiary***
Akuisisi entitas anak setelah dikurangi kas yang diperoleh	**964.833**	**260.401.544**	***Acquisition of a subsidiary net of cash acquired***

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Perusahaan berkeyakinan telah dapat mengakuisisi CIIL dibawah nilai wajar asetnya dikarenakan (i) intensi penjual untuk keluar dari operasi di blok B yang disebabkan oleh akan berakhirnya kontrak PSC di 2028; dan (ii) peningkatan efisiensi yang dapat dicapai Perusahaan atas operasi aset.

Pada bulan November 2017, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran dan menyelesaikan penilaian terhadap aset minyak dan gas bumi yang nilai wajarnya telah diakui pada laporan keuangan konsolidasian tanggal 31 Desember 2016. Berdasarkan evaluasi akhir manajemen, tidak ada perubahan diperlukan.

xii. Pada tanggal 23 Agustus 2016, Perusahaan menandatangani Perjanjian Jual Beli Bersyarat ("CSPA") terkait pembelian 50% saham dalam PT Amman Mineral Investama ("AMIV") dengan PT AP Investment sebagai penjual dengan nilai transaksi sebesar AS$404 juta.

Terkait transaksi ini dan pada tanggal yang sama, Perusahaan juga menandatangani *Key Terms Shareholders Agreement* dengan PT AP Investment dan *Shareholder Facility Agreement* sebesar AS$246 juta dengan AMIV selaku debitur dan Grup selaku kreditur. Sebagai implementasi atas *Key Terms Shareholders Agreement*, AMIV dan PT AP Investment menandatangani *Shareholders Agreement* tanggal 20 Oktober 2016.

Sehubungan dengan transaksi di atas, Perusahaan memberikan jaminan atas pinjaman yang diterima oleh PT Amman Mineral Internasional berdasarkan *Senior Facilities Agreement* dengan PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk dan PT Bank Rakyat Indonesia (Persero) Tbk, sebesar AS$375 juta atau setara dengan 50% dari jumlah pinjaman yang diberikan. PT Amman Mineral Internasional merupakan entitas anak dari PT Amman Mineral Ventura, entitas anak dari PT Amman Mineral Investama. Pinjaman ini telah dilunasi pada tanggal 29 Desember 2017.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The Company believes that it was able to acquire CIIL for less than the fair value of its assets because of (i) the seller's intention to exit Block B operations due to the PSC expiration in 2028; and (ii) increase in efficiency that the Company can achieve on the asset's operation.

In November 2017, the Group was able to finalize the purchase price allocation during the measurement period and completed the valuation of the oil and gas properties, which fair values were recognized in the December 31, 2016 consolidated financial statements. Based on final evaluation by the management, no change was necessary.

xii. On August 23, 2016, the Company executed a Conditional Sale and Purchase Agreement ("CSPA") in relation to the purchase of 50% of the shares in PT Amman Mineral Investama ("AMIV") with PT AP Investment as seller for the transaction value of US$404 million.

In relation to this transaction and on the same date, the Company also signed Key Terms Shareholders Agreement with PT AP Investment and Shareholder Facility Agreement of US$246 million with AMIV as debtor and the Group as creditor. As implementation of Key Terms Shareholders Agreement, AMIV and PT AP Investment executed Shareholders Agreement dated October 20, 2016.

In relation to the above transactions, the Company provides the guarantees on loans received by PT Amman Mineral Internasional based on Senior Facilities Agreement with PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk of US$375 million or equivalent with 50% of the total loans granted. PT Amman Mineral Internasional is a subsidiary of PT Amman Mineral Ventura, subsidiary of PT Amman Mineral Investama. The loan was fully paid on December 29, 2017.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Nilai wajar sementara dari aset dan liabilitas teridentifikasi AMIV pada tanggal akuisisi (2 November 2016) adalah:

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The provisional fair values of the identifiable assets and liabilities of AMIV as at the date of acquisition (November 2, 2016) were:

	Nilai Wajar Sementara (AS$)/ *Provisional Fair Value (US$)*	
Aset		***Assets***
Kas dan setara kas	377.060.758	*Cash and cash equivalents*
Rekening bank yang dibatasi penggunanya	54.611.000	*Restricted cash in banks*
Piutang usaha	221.885.000	*Trade receivables*
Piutang lain-lain	73.500.000	*Other receivables*
Pajak dibayar di muka dan piutang pajak	7.869.000	*Prepaid tax and tax receivables*
Piutang pajak penghasilan	266.329.000	*Income tax receivable*
Piutang pajak lainnya	72.605.000	*Other tax receivables*
Piutang pihak berelasi	230.604.412	*Receivables from related parties*
Persediaan	170.797.000	*Inventories*
Stockpile	1.520.690.000	*Stockpile*
Biaya pengembangan lahan tangguhan	158.219.000	*Deferred mine development cost*
Biaya pelepasan tangguhan	83.809.000	*Deferred stripping cost*
Biaya penerbitan utang	55.600.000	*Debt issuance cost*
Aset tetap	1.302.474.260	*Property, plant and equipment*
Aset lain-lain	54.545.000	*Other assets*
Sub-jumlah	4.650.598.430	*Sub-total*
Liabilitas		***Liabilities***
Utang usaha	(79.175.000)	*Trade payables*
Utang lain-lain pihak berelasi	(246.015.296)	*Other payable to related parties*
Biaya akrual	(20.486)	*Accrued expenses*
Utang pajak	(113.090.000)	*Tax payables*
Utang pajak lain-lain	(16.457.712)	*Other tax payables*
Pinjaman bank	(1.027.750.000)	*Bank loans*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	(310.068.000)	*Asset abandonment and site restoration obligations and other provisions*
Liabilitas imbalan pasca-kerja	(34.822.000)	*Post-employment benefits obligations*
Liabilitas pajak tangguhan - neto	(477.109.191)	*Deferred tax liabilities - net*
Utang lain-lain	(1.706.900)	*Other payables*
Sub-jumlah	(2.306.214.585)	*Sub-total*
Bagian kepentingan non pengendali atas aset teridentifikasi AMIV	(601.968.525)	*Non-controlling interest over identified asset of AMIV*
Nilai wajar aset neto teridentifikasi	**1.742.415.320**	***Total identifiable net assets at fair values***
Bagian kepentingan ventura lain	(871.207.660)	*Other venturer portion*
Keuntungan pembelian diskon	(467.207.660)	*Bargain purchase*
Jumlah estimasi	**404.000.000**	***Total estimation***

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Grup berkeyakinan telah mengakuisisi AMIV dibawah nilai wajar asetnya dikarenakan (i) intensi penjual untuk keluar dari operasi dikarenakan adanya perubahan peraturan perundang-undangan yang mengatur bahwa setelah lima tahun berproduksi, badan usaha pemegang izin usaha pertambangan (IUP) dan izin usaha pertambangan khusus (IUPK) yang sahamnya dimiliki oleh asing wajib melakukan divestasi saham atau penjualan saham asing pada pemerintah, pemerintah daerah, Badan Usaha Milik Negara (BUMN), Badan Usaha Milik Daerah (BUMD), atau badan usaha swasta nasional dan (ii) intensi penjual untuk menjual kepemilikannya di perusahaan tersebut karena berpotensi akan membutuhkan dana yang cukup besar untuk program pengembangan sementara penjual memiliki prioritas lain dalam alokasi dananya.

Bagian kepentingan nonpengendali dan ventura lain diukur pada proporsi kepemilikan kepentingan non-pengendali atas aset neto teridentifikasi dari pihak diakuisisi.

Pada bulan November 2017, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran. Berdasarkan evaluasi akhir manajemen, tidak ada perubahan yang diperlukan.

Entitas anak tidak langsung AMIV, PT Amman Mineral Internasional, memiliki imbalan kontinjensi yang timbul dari *Share Sale and Purchase Agreement* ("SPA") dengan Nusa Tenggara Partnership BV ("NTPBV") yaitu:

a. AS$225.000.000, dari produksi tahap ke-7 dan 50% dari jumlah tersebut terutang pada setiap akhir tahun apabila harga tembaga rata-rata per pon berdasarkan London Merchantile Exchange (LME) pada tahun bersangkutan adalah AS$2,75 atau lebih (dimulai di 2023).
b. AS$229.717.000, porsi terutang apabila pada setiap kuartal dimulai di kuartal kedua setelah tanggal penyelesaian, harga tembaga rata-rata LME dari Batu Hijau melebihi AS$3,75 per pon.
c. AS$203.682.000 terutang dari tahun pertama pengiriman konsentrat pertama (atau setiap bentuk dari tembaga, emas atau perak yang dapat dijual) dari Elang.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The Group believes that it was able to acquire AMIV for less than the fair value of its assets due to (i) the seller's intention to exit the operation due to the change in government regulation which regulates that after five years of production, a company with mining permit (IUP) and special mining permit (IUPK) the shares of which are owned by a foreign company should divest or sell its shares to the government, regional government, Indonesian State Owned Enterprises (BUMN), Indonesian Regionally-Owned Enterprises (BUMD), or private national enterprises and (ii) the seller's intention to sell its ownership in such company as significant sum of funds will be needed for the development program whereas the seller has other priorities for its funds.

The non-controlling and other venturer interest is measured at the proportionate share of the non-controlling interest is the acquiree's identifiable net assets.

In November 2017, the Group was able to finalize the purchase price allocation during the measurement period. Based on final evaluation by the management, no change was necessary.

AMIV's indirect subsidiary, PT Amman Mineral Internasional, had contingent consideration as part of the Share Sale and Purchase Agreement ("SPA") with Nusa Tenggara Partnership BV ("NTPBV") of:

a. US$225,000,000, from phase 7 production and 50% payable after any year end where the London Merchantile Exchange (LME) average copper price per pound for such year is US$2.75 or more (starting in 2023).
b. US$229,717,000, portion payable if during any quarter commencing in the second full quarter after closing, LME average copper price from Batu Hijau exceeds US$3.75 per pound.
c. US$203,682,000, payable by first anniversary of first shipment of concentrate (or any other form of saleable copper, gold or silver) from Elang.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Berdasarkan evaluasi yang dilakukan oleh manajemen AMIV, kondisi yang dapat mengakibatkan pembayaran imbalan kontinjensi tidak terpenuhi, sehingga, imbalan kontinjensi tidak diukur pada tanggal laporan keuangan konsolidasian.

xiii. Pada tanggal 28 April 2016, PT Medco E & P Malaka ("MEPM") dan Japex Block A Ltd ("Japex"), perusahaan minyak dan gas Jepang, menandatangani *Farmout Agremeent* dan *Deed of Assignment of Interests*, dimana Japex setuju menyerahkan 16,6667% hak partisipasi PSC Blok A Aceh kepada MEPM.

Pada tanggal 22 September 2016, Kementerian Energi dan Sumber Daya Mineral telah menyetujui transaksi ini. Pada tanggal 12 Oktober 2016, Badan Pengelola Migas Aceh (BPMA) telah menyetujui transaksi ini.

Pada tanggal 26 Oktober 2016, MEPM telah membayar AS$4,5 juta atas transaksi ini. MEPM masih harus membayar sisa harga pembelian yang belum dibayarkan sejumlah AS$5 juta paling lambat pada tanggal 31 Desember 2018. Sehubungan dengan transaksi ini, Perusahaan juga membayarkan dana *cash call* Japex untuk bulan Mei sampai Oktober 2016 sejumlah AS$6.577.540. Pada tanggal 8 Januari 2019, Perusahaan telah membayar sisa harga pembelian ditambah dengan denda keterlambatan pembayaran dengan total pembayaran sebesar AS$5.008.022.

Tabel berikut ini adalah ikhtisar alokasi harga pembelian awal pada tanggal efektif (12 Oktober 2016):

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

Based on evaluation performed by AMIV's management, the condition resulting in the payment of contingent consideration is not fulfilled, therefore, the contingent consideration is not measured as of the consolidated financial statements date.

xiii. On April 28, 2016, PT Medco E & P Malaka ("MEPM") and Japex Block A Ltd ("Japex"), a Japan-based oil and gas company, signed a Farmout Agreement and Deed of Assignment of Interests, whereby Japex agreed to assign 16.6667% participating interest in the Block A Aceh PSC to MEPM.

On September 22, 2016, the Ministry of Energy and Mineral Resources has approved this transaction. On October 12, 2016, Badan Pengelola Migas Aceh (BPMA) has approved this transaction.

On October 26, 2016, MEPM already paid US$4.5 million for this transaction. MEPM shall pay the remaining purchase price that has not been paid amounting to US$5 million no later than December 31, 2018. The Company also paid cash call of Japex for May until October 2016 amounting to US$6,577,540. On January 8, 2019, the Company has paid the remaining purchase price plus late payment charges amounting to US$5,008,022.

The following table summarizes the allocation of the preliminary purchase price as of the effective date (October 12, 2016):

	Nilai Wajar Sementara (AS$)/ *Provisional Fair Value (US$)*	
Aset		***Assets***
Kas dan setara kas	20.132	*Cash and cash equivalents*
Piutang lain-lain	2.672.188	*Other receivables*
Persediaan	4.043.541	*Inventory*
Beban dibayar di muka	11.029	*Prepaid expenses*
Aset minyak dan gas bumi (Catatan 19)	49.885.643	*Oil and gas properties (Note 19)*
Aset pajak tangguhan	2.591.402	*Deferred tax assets*
Aset lain-lain	12.502	*Other assets*
Sub-jumlah	59.236.437	*Sub-total*

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Tabel berikut ini adalah ikhtisar alokasi harga pembelian awal pada tanggal efektif (12 Oktober 2016):

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The following table summarizes the allocation of the preliminary purchase price as of the effective date (October 12, 2016):

	Nilai Wajar Sementara (AS$)/ *Provisional Fair Value (US$)*	
Liabilitas		***Liabilities***
Utang usaha	(1.499.932)	*Trade payables*
Utang pajak	(64.551)	*Tax payables*
Utang lain-lain	(408.908)	*Other payables*
Biaya akrual	(273.569)	*Accrued expenses*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	(216.518)	*Asset abandonment and site restoration obligations and other provisions*
Sub-jumlah	(2.463.478)	*Sub-total*
Nilai wajar aset neto teridentifikasi	**56.772.959**	***Total identifiable net assets at fair values***
Keuntungan pembelian diskon	(39.995.418)	*Bargain purchase*
Imbalan pembelian yang dialihkan	16.777.541	*Purchase consideration transferred*
Dikurangi kas yang diperoleh dari hak partisipasi yang diakuisisi	(20.132)	*Net cash of the acquired interest*
Akuisisi hak partisipasi, setelah dikurangi kas yang diperoleh	**16.757.409**	***Acquisition of an interest, net of cash acquired***

Grup berkeyakinan telah dapat mengakuisisi porsi hak partisipasi yang dimiliki Japex di Blok A di bawah nilai wajar asetnya dikarenakan (i) posisi unik Grup sebagai operator Blok A di Indonesia, yang memungkinkan pembeli meminimalkan resiko yang harus ditanggung di masa mendatang, (ii) intensi penjual untuk keluar dari operasi di blok tersebut karena untuk program pengembangan blok tersebut masih membutuhkan dana yang cukup besar sementara penjual memiliki prioritas lain dalam alokasi dananya.

The Group believes that it was able to acquire Japex's share in Block A participating interest for less than the fair value of its assets because of (i) the Group's unique position as the operator of Block A in Indonesia, enabling the buyer to minimize its future risks and warranties, (ii) the seller's intent to exit its operation in the block as significant sum of funds is needed for the development program whereas the seller have other priorities for their funds.

Pada bulan Oktober 2017, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran dan menyelesaikan penilaian terhadap aset minyak dan gas bumi yang nilai wajarnya telah diakui pada laporan keuangan konsolidasian tanggal 31 Desember 2016. Berdasarkan evaluasi akhir manajemen, tidak ada perubahan yang diperlukan.

In October 2017, the Group was able to finalize the purchase price allocation during the measurement period and completed the valuation of the oil and gas properties, which fair values were recognized in the December 31, 2016 consolidated financial statements. Based on final evaluation by the management, no change was necessary.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

xiv. Pada tanggal 27 April 2016, PT Medco Infrastruktur Indonesia (dahulu PT Medco Gas Indonesia) ("MII") dan PT Bangun Cipta Kontraktor ("BCK") mendirikan konsorsium, PT Meta Adhya Tirta Umbulan ("META"), dengan masing-masing kepemilikan saham sebesar 70% dan 30%.

Modal dasar META berjumlah Rp700 miliar terdiri dari 7.000 saham dimana masing-masing saham bernilai nominal Rp100 juta. Modal dasar tersebut telah diterbitkan dan disetor penuh sebanyak 1.750 saham dengan nilai sebesar Rp175 miliar (MII sebanyak 1.225 saham dengan nilai sebesar Rp122,5 miliar dan BCK sebanyak 525 saham dengan nilai sebesar Rp52,5 miliar).

Pada tanggal 9 Agustus 2016, META mengeluarkan keputusan sirkuler para pemegang saham sebagai pengganti keputusan yang diambil pada Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) di mana para pemegang saham menyetujui sebagai berikut:

a. Perubahan modal dasar META dari Rp700 miliar terdiri dari 7.000 saham menjadi Rp50 miliar terbagi atas 1.750 saham.

b. Modal ditempatkan dan disetor penuh yang sebelumnya sebanyak 1.750 saham dengan nilai sebesar Rp175 miliar (MII sebanyak 1.225 saham dengan nilai sebesar Rp122,5 miliar dan BCK sebanyak 525 saham dengan nilai sebesar Rp52,5 miliar) menjadi sebanyak 500 saham dengan nilai sebesar Rp50 miliar (MII sebanyak 350 saham dengan nilai sebesar Rp35 miliar dan BCK sebanyak 150 saham dengan nilai sebesar Rp15 miliar).

xv. Pada 8 Oktober 2015, Perusahaan menandatangani Perjanjian Jual Beli ("PJB") dengan Lundin Petroleum AB, untuk mengakuisisi 100% saham salah satu anak perusahaannya, Lundin Indonesia Holding B.V. ("Lundin"). Lundin melalui anak perusahaannya, Lundin Lematang B.V., mempunyai 25,8824% *non-operating interest* di aset produksi Lematang PSC. Selain itu, entitas anak Lundin, Lundin South Sokang B.V. dan Lundin Cendrawasih VII B.V., juga memiliki masing-masing 60% dan 100% hak blok eksplorasi.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

xiv. On April 27, 2016, PT Medco Infrastruktur Indonesia (formerly PT Medco Gas Indonesia) ("MII") and PT Bangun Cipta Kontraktor ("BCK") established a consortium, PT Meta Adhya Tirta Umbulan ("META"), with share ownership each of 70% and 30%, respectively.

META's authorized capital amounted to Rp700 billion consisting of 7,000 shares with each share having a par value of Rp100 million. The authorized capital has been issued and fully paid as much as 1,750 shares amounting to Rp175 billion (MII with 1,225 shares amounting to Rp122.5 billion and BCK with 525 shares with amount of Rp52.5 billion).

On August 9, 2016, META issued a circular decision of the shareholders in lieu of the decisions taken at the Extraordinary General Meeting Shareholders (EGMS) in which the shareholders approved the following:

a. Change in META's authorized capital from Rp700 billion consisting of 7,000 shares to become Rp50 billion consisting of 1,750 shares.
b. Issued and fully paid shares from 1,750 shares with amount of Rp175 billion (MII of 1,225 shares with amount of Rp122.5 billion and BCK of 525 shares with amount of Rp52.5 billion) become 500 shares with amount of Rp50 billion (MII's 350 shares with amount of Rp35 billion and BCK's 150 shares with amount of Rp15 billion).

xv. On October 8, 2015, the Company signed a Share Sale and Purchase Agreement ("SPA") with Lundin Petroleum AB, to acquire 100% shares in one of its subsidiaries, Lundin Indonesia Holding B.V. ("Lundin"). Lundin through its subsidiary, Lundin Lematang B.V., owns 25.8824% of non-operating interest in a producing block, Lematang PSC. Moreover, its subsidiaries, Lundin South Sokang B.V. and Lundin Cendrawasih VII B.V., also own 60% and 100% interest, respectively, in exploration blocks.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Pada tanggal 5 April 2016, Kementerian Energi dan Sumber Daya Mineral (ESDM), memberikan persetujuan atas transaksi ini.

Efektif pada tanggal 26 Mei 2016, dilakukan perubahan nama-nama sebagai berikut:

1) Lundin Indonesia Holding B.V. telah berubah nama menjadi Medco Indonesia Holding B.V.;
2) Lundin Lematang B.V. telah berubah nama menjadi Medco Lematang B.V.;
3) Lundin South Sokang B.V. telah berubah nama menjadi Medco South Sokang B.V.;
4) Lundin Cendrawasih VII B.V. telah berubah nama menjadi Medco Cendrawasih VII B.V.; dan
5) Lundin Oil and Gas B.V. telah berubah nama menjadi Oil and Gas B.V..

Tabel berikut ini adalah ikhtisar alokasi harga pembelian awal pada tanggal efektif (5 April 2016):

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

On April 5, 2016, the Ministry of Energy and Mineral Resources, has approved this transaction.

Effective on May 26, 2016, the following changes to the names were made:

1) Lundin Indonesia Holding B.V. has changed its registered company name to Medco Indonesia Holding B.V.;
2) Lundin Lematang B.V. has changed its registered company name to Medco Lematang B.V.;
3) Lundin South Sokang B.V. has changed its registered company name to Medco South Sokang B.V.;
4) Lundin Cendrawasih VII B.V. has changed its registered company name to Medco Cendrawasih VII B.V.; and
5) Lundin Oil and Gas B.V. has changed its registered company name to Oil and Gas B.V..

The following table summarizes the allocation of the preliminary purchase price as of the effective date (April 5, 2016):

	Nilai Wajar (AS$)/ *Fair Value (US$)*	
Aset		***Assets***
Kas dan setara kas	1.702.779	*Cash and cash equivalents*
Piutang usaha	19.248.087	*Accounts receivable*
Putang lain-lain	992.641	*Other receivables*
Beban dibayar di muka	149.019	*Prepaid expenses*
Aset minyak dan gas bumi (Catatan 19)	18.632.928	*Oil and gas properties (Note 19)*
Aset pajak tangguhan	19.913.081	*Deferred tax assets*
Aset lain-lain	260.174	*Other assets*
Sub-jumlah	60.898.709	*Sub-total*
Liabilitas		***Liabilities***
Biaya akrual	(354.195)	*Accrued expenses*
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	(482.788)	*Asset abandonment and site restoration obligations and other provisions*
Utang lain-lain	(11.733.036)	*Other payables*
Sub-jumlah	(12.570.019)	*Sub-total*
Nilai wajar aset neto teridentifikasi	**48.328.690**	***Total identifiable net assets at fair values***
Keuntungan pembelian diskon	(18.852.318)	*Bargain purchase*
Imbalan pembelian yang dialihkan	29.476.372	*Purchase consideration transferred*
Dikurangi kas yang diperoleh dari entitas anak yang diakuisisi	(1.702.779)	*Net cash of the acquired subsidiary*
Akuisisi entitas anak, setelah dikurangi kas yang diperoleh	**27.773.593**	***Acquisition of a subsidiary, net of cash acquired***

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Grup berkeyakinan telah dapat mengakuisisi Lundin dibawah nilai wajar asetnya dikarenakan (i) posisi unik Grup sebagai operator aset utama di Indonesia dari salah satu entitas anak Lundin; (ii) intensi penjual untuk keluar dari operasi di negara tersebut yang disebabkan oleh penurunan kondisi ekonomi dan (iii) usaha Grup yang berhasil memperpanjang salah satu kontrak PSC penjual yang berproduksi. Entitas anak Lundin lainnya tidak memberikan keuntungan, dan penjual melakukan pendekatan dengan Grup dalam usahanya untuk menjual dan keluar dari operasi di Indonesia yang tidak lagi sesuai dengan strategi bisnisnya. Keuntungan bersih mencerminkan kelebihan dari estimasi nilai dari aset neto yang diakuisisi atas estimasi nilai wajar dari estimasi utang.

Sebagai bagian dari perjanjian pembelian dengan Lundin, imbalan kontinjensi telah disetujui dalam bentuk pembayaran tunai tambahan terutang ke Lundin SEA Holding B.V. sebesar AS$2.166.242 yang dicatat sebagai utang lain-lain (Catatan 23b) mencerminkan jumlah yang harus dibayarkan pada saat pendapatan dari Blok Lematang setelah periode perpanjangan telah mencapai kondisi yang disebutkan pada perjanjian.

Pada bulan April 2017, Grup telah menyelesaikan alokasi harga beli selama periode pengukuran dan menyelesaikan penilaian terhadap aset minyak dan gas bumi yang nilai wajarnya telah diakui pada laporan keuangan konsolidasian tanggal 31 Desember 2016. Berdasarkan evaluasi akhir manajemen, tidak ada perubahan yang diperlukan.

xvi. Pada tanggal 29 Desember 2016, melalui Akta Notaris No. 10 oleh Notaris Siti Rumondang Bulan Lubis, S.H., M.Kn., Grup melalui PT Medco Sarana Balaraja ("MSB") dan PT Medco Energi Nusantara ("MEN"), telah membeli 70% kepemilikan atas PT Satria Raksa Buminusa ("SRB") yang dimiliki oleh PT Garda Utama Nasional (“GUN”). Kepemilikan yang dibeli Grup melalui MSB sebanyak 10.702.500 lembar saham atau setara dengan 69,95% dan melalui MEN sebanyak 7.500 lembar saham atau setara dengan 0,05%.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

The Group believes that it was able to acquire Lundin for less than the fair value of its assets because of (i) the Group's unique position as the operator of one of Lundin subsidiaries' only producing asset in Indonesia; (ii) the seller's intention to exit the country's operations due to the then prevailing economic environment and (iii) the Group's successful effort in extending one of the seller's producing PSC contracts. Other Lundin subsidiaries were not profitable, and the seller approached the Group in an effort to sell and exit its operation in Indonesia that no longer fits its strategy. The net gain represents the excess of the estimated fair value of the net assets acquired over the estimated fair value of the liabilities assumed.

As part of the purchase agreement with Lundin, a contingent consideration has been agreed in the form of additional cash payments payable to Lundin SEA Holding B.V. of US$2,166,242 which was recorded as other payables (Note 23b), represents the amount to be paid once the proceeds from the Lematang Block after extension period has reached certain condition as stipulated in the agreement.

In April 2017, the Group was able to finalize the purchase price allocation during the measurement period and completed the valuation of the oil and gas properties, which fair values were recognized in the December 31, 2016 consolidated financial statements. Based on final evaluation by the management, no change was necessary.

xvi. On December 29, 2016, based on the Notarial Deed No. 10 issued by Siti Rumondang Bulan Lubis, S.H., M.Kn., the Group through PT Medco Sarana Balaraja ("MSB") and PT Medco Energi Nusantara ("MEN"), purchased 70% ownership of PT Satria Raksa Buminusa ("SRB") owned by PT Garda Utama Nasional ("GUN"). The ownership purchased by the Group through MSB amounted to 10,702,500 shares, or equivalent to 69.95% and through MEN amounted to 7,500 shares, or equivalent to 0.05%.

46. AKUISISI DAN PENGALIHAN YANG SIGNIFIKAN (lanjutan)

Pada tanggal 29 Desember 2016, melalui Akta Notaris No. 7 oleh Notaris Siti Rumondang Bulan Lubis, S.H.,M.Kn., Grup melalui MSB dan MEN, telah membeli 70% kepemilikan atas PT Musi Raksa Buminusa ("MRB") yang dimiliki oleh GUN. Kepemilikan yang dibeli Grup melalui MSB sebanyak 696.250 lembar saham atau setara dengan 69,63% dan melalui MEN sebanyak 3.750 lembar saham atau setara dengan 0,37%.

Grup dan GUN telah menyepakati harga beli atas saham MRB dan SRB sejumlah Rp16,7 miliar atau setara dengan AS$1.239.516.

46. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

On December 29, 2016, based on the Notarial Deed No. 7 issued by Siti Rumondang Bulan Lubis, S.H., M.Kn., the Group through MSB and MEN, purchased 70% ownership of PT Musi Raksa Buminusa ("MRB") owned by GUN. The ownership purchased by the Group through MSB amounted to 696,250 shares, or equivalent to 69.63% and through MEN amounted to 3,750 shares, or equivalent to 0.37%.

The Group and GUN have agreed the shares purchased price of MRB and SRB totalling to Rp16.7 billion or equivalent to US$1,239,516.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN

a. Perjanjian Pasokan Gas ("GSA")

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS

a. Gas Supply Agreements ("GSA")

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco E & P Indonesia			
PT Perusahaan Gas Negara (Persero) Tbk ("PGN")	Efektif tanggal 1 Januari 2019 berdasarkan Kesepakatan Bersama tanggal 27 Desember 2018/ *Effective since January 1, 2019 through Mutual Agreement dated Dec 27, 2018*	Komitmen untuk memasok gas untuk memenuhi kebutuhan gas di Wilayah Sumatera dan Jawa sebesar 30 BBTUD dan dapat menurun ke 20 BBTUD (*joint contract* dengan PT Medco E&P Lematang (MEPL)) dengan total jumlah kontrak sebanyak 10.960 BBTU dari *South Sumatra PSC*. (Total jumlah kontrak *joint supply* sebesar 27.400 BBTU)/ *Commitment to supply gas of 30 BBTUD ramp down to 20 BBTUD (joint contract* with *PT Medco E&P Lematang (MEPL)) in Sumatera and Java Region with total contract quantity of 10,960 BBTU from South Sumatra PSC. (Total joint supply contract quantity 27,400 BBTU).*	Diperkirakan 3 (tiga) tahun dari tanggal *gas in* atau sampai dengan terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *Approximately 3 (three) years since the gas in date or until the total contract quantity of joint supply has been fully supplied, whichever occurs first.*
PT Pertamina (Persero)	Efektif tanggal 1 Januari 2019 berdasarkan Kesepakatan Bersama tanggal 21 Desember 2018/ *Effective since January 1, 2019 through Mutual Agreement dated Dec 21, 2018*	Komitmen untuk memasok gas sebesar 0,20 MMSCFD dengan total jumlah kontrak sebesar 123,40 MMSCF/ *Commitment to supply gas of 0.20 MMSCFD with total contract quantity of 123.40 MMSCF.*	8 September 2020 atau sampai dengan terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *September 8, 2020 or until the total contract quantity has been fully supllied, whichever occurs first.*
PT Meta Epsi Pejebe Power Generation (MEPPO - GEN)	17 Oktober 2014; terakhir diubah pada tanggal 13 November 2018/ *October 17, 2014; last amendment dated November 13, 2018*	Komitmen untuk memasok gas sebanyak 10-16 BBTUD dengan total jumlah kontrak sebesar 35.246 BBTU/ *Commitment to supply 10-16 BBTUD of gas with total gas contract quantity amounting to 35,246 BBTU.*	31 Desember 2027 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *December 31, 2027 or until total contact quantity has been fully supplied, whichever occurs first.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco E & P Indonesia (lanjutan/continued)			
PT Perusahaan Gas Negara Persero) Tbk ("PGN")	30 Oktober 2018 (dialihkan kepada PGN dari Perusahaan Daerah Kota Tarakan, efektif tanggal 8 Januari 2016) / *October 30, 2018 (assigned to PGN from Perusahaan Daerah Kota Tarakan effective since January 8, 2016)*	Komitmen untuk memasok gas untuk memenuhi kebutuhan gas rumah tangga di Kota Tarakan sebesar 0,20 BBTUD/ *Commitment to supply gas to meet the needs of household in Tarakan of 0.20 BBTUD.*	8 September 2020 atau sampai jumlah kontrak terpenuhi, mana yang terjadi lebih dahulu/ *September 8, 2020 or until total contract quantity has been fully supplied, whichever occurs first.*
Perusahaan Daerah Mura Energi	4 Agustus 2009; diubah terakhir tanggal 9 Agustus 2018/ *August 4, 2009; last amendment dated August 9, 2018.*	Komitmen untuk memasok gas 1,35 BBTUD dengan total jumlah kontrak 6.039 BBTU/ *Commitment to supply 1.35 BBTUD of gas with total contract of 6,039 BBTU of gas.*	31 Desember 2027 dari tanggal dimulai atau sampai terpenuhinya jumlah kontrak, mana yang terjadi lebih dahulu/ *December 31, 2027 since the start date or until total contract quantity has been fully supplied, whichever occurs first.*
PD Petrogas Ogan Ilir	25 Mei 2016; terakhir diubah pada tanggal 6 November 2017 Perjanjian ini telah berakhir pada 26 Juli 2018/ *May 25, 2016; last amendment of agreement dated November 6, 2017. This agreement has been terminated on July 26, 2018.*	Komitmen untuk memasok gas dengan jumlah kontrak 1.148 BBTU/ *Commitment to supply gas with total gas contract quantity of 1,148 BBTU of gas*	31 Desember 2019 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *December 31, 2019 or until the quantity of the contract has been fully supplied, whichever occurs first.*
PT Mitra Energi Buana	24 Juli 2006; diubah terakhir tanggal 8 Juni 2018/ *July 24, 2006; last amendment dated June 8, 2018*	Komitmen untuk memasok gas dengan jumlah kontrak 30.119 BBTU/ *Commitment to supply gas with total gas contract quantity of 30,119 BBTU.*	31 Desember 2027 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *December 31, 2027, or until total contract quantity has been fully supplied, whichever occurs first.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco E & P Indonesia (lanjutan/*continued*)			
PT Perusahan Gas Negara (Persero) Tbk	4 Mei 2018/ *May 4, 2018*	Komitmen untuk memasok gas untuk memenuhi kebutuhan gas rumah tangga di Kabupaten Musi Banyuasin sebesar 0,25 BBTUD dengan total jumlah kontrak sebesar 871 BBTU/ *Commitment to supply gas to meet the needs of households in Kabupaten Musi Banyuasin of 0.25 BBTUD with total contract quantity of 871 BBTU.*	20 Juli 2027 atau sampai dengan berakhirnya produksi gas bumi dari wilayah kerja, yang mana terjadi lebih dahulu/ *July 20, 2027 or until the end of production of gas from contract area, whichever occurs first.*
Perusahaan Daerah Pertambangan dan Energi	4 Agustus 2009; perubahan terakhir melalui Kesepakatan Bersama tanggal 6 Maret 2018/ *August 4, 2009; last amendment through Mutual Agreement dated March 6, 2018.*	Komitmen untuk memasok dan menjual gas sebanyak 0,5 BBTUD dengan total jumlah kontrak 1.606,50 BBTU/ *Commitment to supply and sell 0.5 BBTUD of gas with total contract quantity of 1,606.50 BBTU.*	7 Februari 2023 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *February 7, 2023 or until such quantity has been fully supplied, whichever occurs first.*
PT Pupuk Sriwidjaja Palembang	7 Agustus 2007; diubah terakhir melalui Kesepakatan Bersama tanggal 23 Februari 2018/ *August 7, 2007; last amendment through Mutual Agreement dated February 23, 2018*	Komitmen untuk memasok gas rata-rata sebanyak 45 BBTUD/ *Commitment to supply an average of 45 BBTUD of gas.*	1 Januari 2019 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *January 1, 2019 or until total contract quantity has been fully supplied, whichever occurs first.*
PT Pertamina (Persero)	Efektif tanggal 30 Januari 2018 melalui Kesepakatan Bersama/ *Effective since January 30, 2018 throough Mutual Agreement*	Komitmen untuk memasok gas sebesar 0,25 MMSCFD dengan total jumlah kontrak sebesar 864,25 MMSCF/ *Commitment to supply gas of 0.25 MMSCFD with total contract quantity of 864.25 MMSCF.*	20 Juli 2027 atau sampai total jumlah kontrak terpenuhi, yang mana terjadi lebih dahulu/ *July 20, 2027 or until the total contract quantity has been fully supplied, whichever occurs first.*
PT PLN Tarakan	12 Mei 2010; diubah terakhir tanggal 16 Januari 2018/ *May 12, 2010; last amendment dated January 16, 2018*	Komitmen untuk memasok dan menjual gas sebanyak 10.134 BBTU/ *Commitment to supply and sell 10,134 BBTU of gas.*	31 Desember 2021 atau sampai terpenuhinya jumlah kontrak penyerahan gas, yang mana terjadi lebih dahulu. Pada tanggal 1 Januari 2017, komitmen ini telah dialihkan kepada PT Perusahaan Listrik Negara (Persero)/ *December 31, 2021 or until such quantity has been fully supplied, whichever occurs first. On January 1, 2017, this commitment was transferred to PT Perusahaan Listrik Negara (Persero).*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Medco E & P Indonesia (lanjutan/continued)			
PT Perusahaan Listrik Negara (Persero)	19 September 2017/ *September 19, 2017*	Komitmen untuk memasok dan menjual gas sebesar 20-25 BBTUD (*joint supply* dengan MEPL) dengan total jumlah kontrak sebanyak 50.932,8 BBTU dari *South Sumatra PSC*. (Total jumlah kontrak *joint supply* sebesar 70.260 BBTU)/ *Commitment to supply and sell gas of 20-25 BBTUD (joint supply with MEPL) total contract quantity of 50,932.8 BBTU from South Sumatra PSC. (Total joint supply contract quantity 70,260 BBTU).*	31 Januari 2027 atau sampai terpenuhinya jumlah kontrak penyerahan gas, yang mana yang terjadi lebih dahulu/ *January 31, 2027 or until such quantity has been fully supplied, whichever occurs first.*
PT Sarana Pembangunan Palembang Jaya (SP2J)	13 April 2010, diubah terakhir tanggal 25 November 2015/ *April 13, 2010, last amendment dated November 25, 2015*	Komitmen untuk memasok gas sebanyak 450,93 BBTU/ *Commitment to supply 450.93 BBTU of gas.*	31 Desember 2018 atau sampai telah terpenuhinya jumlah kontrak, yang mana terjadi lebih dahulu/ *December 31, 2018 or until such quantity has been fully supplied, whichever occurs first.*
Perusahaan Daerah Pertambangan dan Energi (Jakabaring)	10 Agustus 2011; perubahan terakhir melalui Kesepakatan Bersama tanggal 4 Desember 2012/ *August 10, 2011; last amendment through Mutual Agreement dated December 4, 2012.*	Komitmen untuk memasok dan menjual gas alam sejumlah 3 BBTUD/ *Commitment to supply and sell 3 BBTUD of gas.*	31 Agustus 2020 atau sampai seluruh jumlah yang disepakati telah dipasok, yang mana terjadi lebih dahulu/ *August 31, 2020 or until such quantity has been fully supplied, whichever occurs first.*
PT Medco E & P Lematang			
PT Perusahaan Gas Negara (Persero) Tbk ("PGN")	Efektif tanggal 1 Januari 2019 berdasarkan Kesepakatan Bersama tanggal 27 Desember 2018/ *Effective since January 1, 2019 through Mutual Agreement dated Dec 27, 2018*	Komitmen untuk memasok gas untuk memenuhi kebutuhan gas di Wilayah Sumatera dan Jawa sebesar 30 BBTUD dan dapat menurun ke 20 BBTUD (*joint contract* dengan PT Medco E&P Indonesia (MEPI)) dengan total jumlah kontrak sebanyak 16.440 BBTU dari *Lematang PSC*. (Total jumlah kontrak *joint supply* sebesar 27.400 BBTU)/ *Commitment to supply gas of 30 BBTUD ramp down to 20 BBTUD (joint contract with PT Medco E&P Indonesia (MEPI)) in Sumatera and Java Region with total contract quantity of 16,440 BBTU from Lematang PSC. (Total joint supply contract quantity 27,400 BBTU).*	Diperkirakan 3 (tiga) tahun dari tanggal *gas in* atau sampai dengan terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *Approximately 3 (three) years since the gas in date or until the total contract quantity of joint supply has been fully supplied, whichever occurs first*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco E & P Lematang (lanjutan/*continued*)			
PT Meta Epsi Pejebe Power Generation (MEPPO - GEN)	13 November 2018/ *November 13, 2018*	Komitmen untuk memasok gas sebanyak 10-16 BBTUD dengan total jumlah kontrak sebesar 12.805,3 BBTU/ *To supply 10-16 BBTUD of gas with total gas contract quantity amounting to 12,805.3 BBTU.*	31 Desember 2027 atau sampai terpenuhinya total jumlah kontrak, yang mana terjadi lebih dahulu/ *December 31, 2027 or until total contact quantity has been fully supplied, whichever occurs first.*
PT Perusahaan Listrik Negara (Persero)	21 Maret 2007, diubah terakhir tanggal 19 September 2017/ March 21, 2007, last amendment dated *September 19, 2017*	Komitment untuk memasok dan menjual gas sebesar 8-25 BBTUD (*joint supply* dengan MEPI) dengan total jumlah kontrak sebanyak 19.327,2 BBTU dari *Lematang PSC.* (Total jumlah kontrak *joint supply* sebesar 70.260 BBTU)/ *Commitment to supply and sell gas of 8-25 BBTUD (joint supply* with MEPI) *total contract quantity of 19,327.2 BBTU from Lematang PSC. (Total joint supply contract quantity 70,260 BBTU).*	31 Januari 2027 atau sampai terpenuhinya jumlah kontrak penyerahan gas, yang mana yang terjadi lebih dahulu/ *January 31, 2027 or until such quantity has been fully supplied, whichever occurs first.*
PT Pupuk Sriwidjaja Palembang	Efektif tanggal 2 April 2018 melalui Kesepakatan Bersama/ *Effective since April 2, 2018 through Mutual Agreement*	Komitmen untuk memasok dan menjual gas sebanyak 5 BBTUD dengan jumlah total kontrak 1.375 BBTU/ *Commitment to supply and sell gas of 5 BBTUD with total contract quantity of 1,375 BBTU.*	Perjanjian ini telah berakhir tanggal 31 Desember 2018/ *This agreement has ended* on *December 31, 2018.*
PT Medco E & P Malaka			
PT Pertamina (Persero)	27 Januari 2015/ *January 27, 2015*	Komitmen untuk memasok gas sebanyak 58 BBTUD dengan jumlah volume sebanyak 198 TBTU/ *Commitment to supply 58 BBTUD of gas with a total volume of 198 TBTU.*	Sampai dengan 13 tahun sejak tanggal penyerahan gas pertama, atau terpenuhinya total jumlah kontrak, atau gas tidak lagi mempunyai nilai ekonomis, atau berakhirnya PSC Blok A mana yang lebih dahulu terjadi/ *Up to 13 years from the date of first gas delivery, or when the total amount of the contract has been fully supplied, or gas no longer has an economic value, or the expiration of Block A PSC, whichever occurs first.*
PT Medco E & P Tomori Sulawesi			
PT Perusahaan Listrik Negara (Persero)	6 Februari 2018/ *February 6, 2018*	Komitmen untuk memasok gas untuk memenuhi kebutuhan listrik di Sulawesi Tengah sebesar 5 BBTUD dengan nilai kontrak 15,63 TBTU / *Commitment to supply 5 BBTUD of gas to fulfill the electricity needs in Central Sulawesi with total contract commitment of 15.63 TBTU.*	Pada saat total jumlah kontrak telah terpenuhi atau sampai dengan tanggal berakhirnya hak pengelolaan wilayah kerja PSC Senoro-Toili, mana yang lebih dahulu terjadi/ *When the total contract quantity has been fully supplied or until the expiration date of the right of utilization of the contract area Senoro-Toili PSC, whichever occurs first.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco E & P Tomori Sulawesi (lanjutan/*continued*)			
PT Panca Amara Utama	13 Maret 2014; diubah terakhir tanggal 11 Januari 2018/ *March 13, 2014; last amendment dated January 11, 2018*	Komitmen untuk memasok gas sebanyak 248.200 MMSCF/ *Commitment to supply 248,200 MMSCF of gas.*	Pada saat total jumlah kontrak telah terpenuhi atau sampai dengan tanggal berakhirnya hak pengelolaan wilayah kerja PSC Senoro-Toili, mana yang lebih dahulu terjadi/ *When the total contract quantity has been fully supplied or until the expiration date of the right of utilization of the contract area Senoro-Toili PSC, whichever occurs first.*
PT Donggi Senoro LNG	22 Januari 2009 diubah terakhir pada tanggal 13 Desember 2010/ *January 22, 2009 last amendment on December 13, 2010*	Komitmen untuk memasok gas sebanyak 277.8 BBTUD (setara dengan 250 MMSCFD)/ *Commitment to supply 277.8 BBTUD (equivalent to 250 MMSCFD) of gas.*	15 tahun setelah tanggal operasi komersial dari *LNG Plant, atau* saat jumlah kontrak terpenuhi atau pada saat berakhirnya PSC Senoro-Toili, yang mana terjadi lebih dahulu/ *15 years from the LNG Plant commercial operation date, or when such quantity in the agreement has been fully supplied or until the termination of the Senoro-Toili PSC, whichever occurs first.*
PT Medco E & P Simenggaris			
PT Perusahaan Listrik Negara (Persero)	6 Februari 2018/ *February 6, 2018*	Komitmen untuk memasok gas sebanyak 8 BBTUD dengan nilai kontrak 21,6 TBTU/ *Commitment to supply 8 BBTUD of gas with total contract commitment of 21.6 TBTU.*	Pada saat terpenuhinya total jumlah kontrak atau sampai dengan berakhirnya hak pengelolaan wilayah kerja yaitu tanggal 23 Februari 2028, mana yang terjadi terlebih dahulu/ *At the time when total contract quantity in the agreement has been fully supplied or until the expiration of the right of utilization of the contract area, February 23, 2028, whichever occurs first*
PT Perusahaan Listrik Negara (Persero)	17 Oktober 2014/ *October 17, 2014*	Komitmen untuk memasok gas sebesar 0,5 MMSCFD dengan total nilai kontrak 805 MMSCF/ *Commitment to supply gas at 0.5 MMSCFD with total contract value of 805 MMSCF.*	5 tahun (sejak tanggal operasi dimulai) atau sampai dengan terpenuhinya jumlah kontrak, mana yang lebih dahulu terjadi/ *5 years (starting from the operation date) or until the fulfillment of the total amount of the contract, whichever occurs first.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

a. Perjanjian Pasokan Gas ("GSA") (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

a. Gas Supply Agreements ("GSA") (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
Medco E & P Natuna Ltd			
PT Pertamina (Persero)	28 Maret 2001; terakhir diubah pada tanggal 8 Mei 2012/ *March 28, 2001 ; last amendment dated May 8, 2012.*	Komitmen untuk memasok gas kepada PT Pertamina (Persero) untuk Petroliam Nasional Berhad (Petronas) dengan total kontrak sebanyak 1.648 TBTU/ *Commitment to supply gas to PT Pertamina (Persero) to Petroliam Nasional Berhad (Petronas) with the total contract quantity of 1,648 TBTU.*	20 tahun atau yang mana yang terjadi lebih dahulu sesuai perjanjian/ *20 years or whichever occurs first as stated in the agreement.*
PT Pertamina (Persero)	15 Januari 1999/ *January 15, 1999*	Komitmen untuk memasok gas kepada PT Pertamina (Persero) untuk SembCorp Gas Pte Ltd dengan total kontrak sebanyak 2.625 TBTU/ *Commitment to supply gas to PT Pertamina (Persero) to SembCorp Gas Pte Ltd with total contract quantity of 2,625 TBTU.*	27 tahun sejak tanggal dimulai atau sampai terpenuhinya jumlah kontrak, yang mana lebih dahulu terjadi/ *27 years from the start date or until the fulfillment of the total amount of the contract has been fully supplied, whichever occurs first.*

b. Perjanjian Bidang Usaha Listrik

i. Perjanjian Pembelian dan Pengalihan Tenaga Listrik

b. Power Business Activities Agreements

i. Power Purchase and Transfer Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Bio Jatropha Indonesia ("BJI")			
PT Perusahaan Listrik Negara Distribusi Jawa Barat ("PLNDJB")	1 Februari 2012; terakhir diubah pada tanggal 28 Agustus 2017/ *February 1, 2012; last amendment dated August 28, 2017*	BJI mengoperasikan pembangkit listrik tenaga mini-hidro 3x3 MW dengan harga Rp1.100/kWh untuk 8 tahun pertama dan Rp850/KWh untuk sisa masa operasi/ *BJI operates a 3x3 MW mini-hydro power plant at price Rp1,100/KWh for the first 8 years and Rp850/KWh for the remaining operating years.*	15 tahun setelah Tanggal Operasi Komersial (COD)/ *15 years after Commercial Operating Date (COD)*
PT Energi Listrik Batam ("ELB")			
PT Pelayanan Listrik Nasional Batam	15 Oktober 2012; terakhir diubah pada tanggal 8 Oktober 2015/ *October 15, 2012; last amendment dated October 8, 2015*	ELB mengoperasikan pembangkit listrik 2x35MW. PLN Batam memiliki opsi untuk membeli kepemilikan dan kepentingan ELB dalam proyek tersebut selama masa Perjanjian Pembelian Tenaga Listrik/ *ELB operates 2x35MW power plant. PLN Batam has the option to purchase ELB's ownership and interest in the project anytime during the term of the Power Purchase Agreement.*	20 tahun setelah Tanggal Operasi Komersial (COD)/ *20 years after Commercial Operating Date (COD)*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

i. Perjanjian Pembelian dan Pengalihan Tenaga Listrik (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

i. Power Purchase and Transfer Agreements (continued)

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Medco Cahaya Geothermal ("MCG")			
PT Perusahaan Listrik Negara (Persero)	27 Februari 2013/ *February 27, 2013*	MCG mengoperasikan pembangkit listrik tenaga panas bumi 2x55MW dengan harga AS$0,0858/KWh sesuai penyesuaian dalam perjanjian. Perjanjian mencakup pengaturan *take or pay* 90% dimana MCG diwajibkan untuk memasok dan PT PLN (Persero) diharuskan untuk membeli, minimal, 90% dari kapasitas pembangkit listrik. MCG menanggung risiko dan bertanggung jawab atas konstruksi, operasi dan pemeliharaan dan risiko terkait kepemilikan lainnya dari fasilitas pembangkit listrik tenaga panas bumi. Fasilitas transmisi dan distribusi yang terkait dengan fasilitas pembangkit listrik tenaga panas bumi akan dibangun oleh MCG dan dimiliki oleh PT PLN (Persero). Pada akhir masa perjanjian, kepemilikan fasilitas pembangkit listrik tenaga panas bumi dan lapangan uap panas bumi tidak dialihkan ke PT PLN (Persero) dan PT PLN (Persero) tidak memiliki pilihan untuk membeli fasilitas yang dimaksud kecuali dalam keadaan yang dikecualikan di perjanjian/ *MCG operates a 2x55 megawatt (MW) geothermal power plant at a base price US$0.0858/KWh subject to amendment based on the agreement. The agreement include a take or pay arrangement of 90% whereby MCG is required to supply and PT PLN (Persero) is required to purchase, at the minimum, 90% of the power plant capacity. MCG bears the risk and is responsible for the construction, operation and maintenance and other ownership-related risk of the geothermal power plant facilities. The transmission and distribution facilities related to the geothermal power plant facilities for the delivery of electricity will be constructed by MCG and owned by PT PLN (Persero). At the end of the term of the agreement, the ownership of the geothermal power plant and geothermal steam field facilities are not transferred to PT PLN (Persero) and PT PLN (Persero) has no option to purchase the referred facilities except excluded circumstances.*	30 tahun / *30 years*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

i. Perjanjian Pembelian dan Pengalihan Tenaga Listrik (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

i. Power Purchase and Transfer Agreements (continued)

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Pembangkitan Pusaka Parahiangan ("PPP")			
PT Perusahaan Listrik Negara Distribusi Jawa Barat ("PLNDJB")	12 September 2013/ *September 12, 2013*	PPP mengoperasikan pembangkit listrik tenaga mini-hidro 2x4,4 MW dengan harga Rp656 per KWh. PPP mengoperasikan pembangkit listrik tenaga mini-hidro 2x1,5 MW. Pada tanggal 1 September 2016, para pihak sepakat untuk menghentikan perjanjian pembangkit listrik tenaga mini-hidro 2x1,5 MW/ *PPP operates 2x4.4 MW mini-hydro power plant at price Rp656/ KWh.* *PPP operates 2x1,5 MW mini-hydro power plant. On September 1, 2016, the parties agreed to discontinue the PPA of 2x1.5 MW mini-hydro power.*	15 tahun setelah Tanggal Operasi Komersial (COD)/ *15 years after Commercial Operating Date (COD).*
PT Sangsaka Hidro Barat ("SHBar")			
PT Perusahaan Listrik Negara Distribusi Jawa Barat ("PLNDJB")	16 Juli 2013; terakhir diubah pada tanggal 2 Februari 2015/ *July 16, 2013; last amendment dated February 2, 2015*	SHBar mengoperasikan pembangkit listrik tenaga mini-hidro 2x3,25 MW dan pembangkit listrik tenaga mini-hidro 2x3 MW dengan harga Rp656/ KWh/ *SHBar operates a 2x3.25 MW mini-hydro power plant and 2x3 MW mini-hydro power plant at price Rp656/ KWh.*	15 tahun setelah COD/ *15 years after COD.*
PT Nawakara Energi Sumpur ("NES")			
PT PLN (Persero) Wilayah Sumatera Barat ("PLNWSB")	11 September 2013; terakhir diubah pada tanggal 10 April 2018/ *September 11, 2013; last amendment dated April 10, 2018*	NES mengoperasikan pembangkit listrik tenaga mini-hidro 2x3,8 MW dengan harga Rp787/ KWh/ *NES operates 2x3.8 MW mini-hydro power plant at price Rp787/KWh.*	15 tahun setelah COD/ *15 years after COD.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

i. Perjanjian Pembelian dan Pengalihan Tenaga Listrik (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

i. Power Purchase and Transfer Agreements (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco Ratch Power Riau ("MRPR")			
PT Perusahaan Listrik Negara (Persero)	7 April 2017/ *April 7, 2017*	MRPR mengoperasikan pembangkit listrik tenaga gas berkapasitas 275 MW. Perjanjian Jual Beli Tenaga Listrik (PPA) mencakup pengaturan *take or pay* sebesar 60% dimana MRPR diharuskan untuk memasok dan PT PLN (Persero) diharuskan untuk membeli, minimal, 60% dari kapasitas pembangkit listrik. MRPR menanggung risiko dan bertanggung jawab atas konstruksi, operasi dan pemeliharaan dan risiko terkait kepemilikan lainnya dari fasilitas pembangkit listrik tenaga gas dan fasilitas pasokan gas. Setiap saat setelah penutupan keuangan sampai akhir PPA, PT PLN (Persero) dapat menggunakan opsi untuk membeli semua hak, kepemilikan dan kepentingan MRPR atas proyek tersebut sesuai harga yang ditentukan dalam kontrak. Segera setelah berakhirnya PPA, MRPR akan memindahkan fasilitas pembangkit listrik tenaga gas dan fasilitas pasokan gas dengan harga AS$1.000 kepada PT PLN (Persero) atau yang ditunjuk bebas dan bersih dari semua hakikat dan tanggungan/ *MRPR operates 275 MW Gas Fired power plant. The Power Purchase Agreement (PPA) includes a take or pay arrangement of 60% whereby MRPR is required to supply and PT PLN (Persero) is required to purchase, at the minimum, 60% of the power plant capacity. MRPR bears the risk and is responsible for the construction, operation and maintenance and other ownership-related risk of the gas fired power plant facilities and gas supply facilities. At any time after the financial close through the end of PPA, PT PLN (Persero) may exercise an option to purchase all of MRPR's right, title and interest in the project for the price as stipulated in the contract. Immediately upon the expiry of PPA, MRPR shall transfer the gas fired power plant and gas supply facilities with the price of US$1,000 to PT PLN (Persero) or its assignee free and clear of all liens and encumbrances.*	20 tahun/ *20 years*
PT Dalle Energy Batam ("DEB")			
PT Pelayanan Listrik Nasional Batam	20 Mei 2005; terakhir diubah pada tanggal 31 Desember 2009/ *May 20, 2005; last amendment dated December 31, 2009*	DEB diharuskan untuk mendanai, membangun dan mengoperasikan proyek Gas Turbin Generator ("GTG"). Berdasarkan Perjanjian Pembelian Tenaga Listrik, PLN Batam memiliki pilihan untuk membeli kepemilikan dan kepentingan DEB atas proyek kapan saja selama masa Perjanjian Pembelian Tenaga Listrik sepanjang DEB, PLN Batam dan Pemberi Pinjaman menyetujui harga beli/ *DEB is required to fund, establish and operate the Gas Turbine Generator ("GTG"). Under the Power Purchase Agreement, PLN Batam has the option to purchase DEB's ownership and interest in the project anytime during the term of the Power Purchase Agreement provided that DEB, PLN Batam and the Lenders agree on the purchase price.*	20 tahun (Sampai dengan 31 Desember 2024)/ *20 years (Until December 31, 2024).*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

i. Perjanjian Pembelian dan Pengalihan Tenaga Listrik (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

i. Power Purchase and Transfer Agreements (continued)

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Mitra Energi Batam ("MEB")			
PT Pelayanan Listrik Nasional Batam	29 April 2004; terakhir diubah pada tanggal 15 Oktober 2012/ *April 29, 2004; last amendment dated October 15, 2012*	MEB diharuskan mengoperasikan proyek 2 Gas Turbin Generator ("GTG"). Harga listrik untuk GTG 1 dan 2 (SCPP) adalah Rp190 per KWh sampai bulan Oktober 2016, Rp89 per KWh dari bulan Oktober 2016 dan sesudahnya dan CCPP adalah Rp462 per KWh/ *MEB is required to operate 2 Gas Turbine Generator ("GTG"). The electricity price for GTG 1 and 2 (SCPP) is Rp190 per KWh until October 2016, Rp89 per KWh from October 2016 thereafter, and CCPP is Rp462 per KWh.*	20 tahun dari tahun 2014/ *20 years from 2014.*
PT Energi Prima Elektrika ("EPE")			
PT Prima Layanan Nasional Enjiniring ("PT PLN-E") dan PT PLN (Persero) Wilayah Sumatera Selatan, Jambi dan Bengkulu ("PT PLN WS2JB")	10 November 2004; terakhir diubah pada tanggal 8 Juni 2018/ *November 10, 2004; last amendment dated June 8, 2018*	Semua hak dan kewajiban PT PLN-E berdasarkan Perjanjian Pembelian Tenaga Listrik yang ditandatangani antara PT PLN-E dan PT PLN WS2JB dialihkan ke EPE. EPE diharuskan mendanai, membangun dan mengoperasikan proyek Gas Turbin Generator ("GTG")/ *All rights and obligations of PT PLN-E under the Power Purchase Agreement entered into between PT PLN-E and PT PLN WS2JB were transferred to EPE. EPE is required to fund, establish and operate the Gas Turbine Generator ("GTG").*	20 tahun dengan perpanjangan tahunan atas persetujuan kedua belah pihak/ *20 years subject to annual extension upon approval by both parties.*
PT Multidaya Prima Elektrindo ("MPE")			
PT Prima Layanan Nasional Enjiniring ("PT PLN-E") dan PT PLN (Persero) Wilayah Sumatera Selatan, Jambi dan Bengkulu ("PT PLN WS2JB")	1 Juni 2004 ; terakhir diubah tanggal 4 Mei 2018/ *June 1, 2004; last amendment dated May 4, 2018*	Semua hak dan kewajiban PT PLN-E berdasarkan Perjanjian Pembelian Tenaga Listrik yang ditandatangani antara PT PLN-E dan PT PLN WS2JB dialihkan ke MPE. MPE diminta untuk mendanai, membangun dan mengoperasikan proyek Gas Turbin Generator ("GTG") dengan kapasitas 12MW/ *All rights and obligations of PT PLN-E under the Power Purchase Agreement entered into between PT PLN-E and PT PLN WS2JB were transferred to MPE. MPE is required to fund, establish and operate the Gas Turbine Generator ("GTG")with capacity of 12MW.*	20 tahun dengan perpanjangan tahunan atas persetujuan kedua belah pihak/ *20 years subject to annual extension upon approval by both parties.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

ii. Perjanjian Operasi dan Pemeliharaan

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

ii. Operation and Maintenance Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT TJB Power Services (TJBPS)			
PT Perusahaan Listrik Negara (Persero)	9 Juni 2005; terakhir diubah pada tanggal 27 Januari 2016/ *June 9, 2005; last amendment dated January 27, 2016*	Konsorium dari PT Medco Energi Internasional Tbk-Fortum Service Oy (Medco Fortum) menandatangani *Operation & Maintenance Agreement* (*O&M Agreement*) dengan PLN. Medco Fortum ditunjuk sebagai operator pembangkit listrik tenaga batu bara berkapasitas 2x660 MW. Pada tanggal 27 September 2005, Medco-Fortum, MPI dan PLN menandatangani Amandemen Perjanjian No. 1 untuk *O&M Agreement* dimana para pihak sepakat untuk memasukkan MPI sebagai salah satu pihak dalam *O&M Agreement* dan sebagai operator awal proyek sampai perusahaan yang bertujuan khusus ("SPC") untuk mengoperasikan pembangkit listrik tenaga tersebut didirikan. Pada tahun 2006, TJBPS didirikan sebagai SPC/ *The Consortium of PT Medco Energi Internasional Tbk-Fortum Service Oy (Medco Fortum) signed an Operation & Maintenance Agreement (O&M Agreement) with PLN. Medco Fortum is appointed as the operator of the 2x660 MW coal fired power station. On September 27, 2005, Medco Fortum, MPI, and PLN entered into an amendment and agreed to include MPI as one of the parties to the O&M agreement and the initial operator of the project until the special purpose company ("SPC") to operate the coal fired power station is established. In 2006, TJBPS was established as the SPC.*	24 tahun/ *24 years*
Konsorsium Fortum Service Oy dan Enprima Oy, konsorsium yang didirikan berdasarkan hukum Finlandia ("Penyedia MTS"), Medco-Fortum ("Operator"), sebuah konsorsium yang didirikan berdasarkan hukum Indonesia/ *The Consortium of Fortum Service Oy and Enprima Oy, a consortium established under laws of Finland ("MTS Providers"), Medco-Fortum ("Operator"), the consortium established under the laws of Indonesia*	10 Juni 2005; terakhir diubah tanggal 27 Mei 2015/ *June 10, 2005; last amendment dated May 27, 2015*	Penyedia MTS harus menyediakan jasa manajemen dan dukungan teknis untuk proyek Tanjung Jati B dengan total biaya mobilisasi sebesar AS$7.602.288 dan biaya operasi sebesar AS$23.653.500 (biaya dasar) ditambah penyesuaian yang tercantum dalam kontrak dan 25% biaya insentif tahunan yang disetujui oleh PLN/ *MTS providers shall provide management and technical support services to Tanjung Jati B Project for total mobilization fee of US$7,602,288 and operating fee of US$23,653,500 (base fee) plus adjustments as stated in the contract and 25% of annual incentive fee approved by PLN.*	15 tahun/ *15 years*
PT Mitra Energi Batam ("MEB")			
PT Pelayanan Listrik Nasional Batam	20 Desember 2016; terakhir diubah pada tanggal 28 Desember 2018/ *December 20, 2016; last amendment dated December 28, 2018.*	MEB setuju untuk memberikan layanan operasional dan perawatan ke PLN Batam untuk mendukung operasional *Mobile Power Plant* (MPP) 20x25 MW/ *MEB agreed to provide operational and maintenance services to PLN Batam to support the operation of Mobile Power Plant (MPP) 20x25 MW.*	3 tahun/ *3 years*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

ii. Perjanjian Operasi dan Pemeliharaan (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

ii. Operation and Maintenance Agreement (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco Geothermal Sarulla ("MGS")			
Sarulla Operation, Ltd. ("SOL")	29 September 2016/ *September 29, 2016*	Perjanjian operasi dan pemeliharaan dengan SOL untuk Pembangkit Listrik Tenaga Panas Bumi Sarulla/ *Operation and Maintenance agreement with SOL for Sarulla Geothermal Power Facilities.*	6 tahun sejak 1 September 2018 atau tanggal operasi komersial Namora I Langit 2 ("NIL2"),mana yang terjadi terlebih dulu/ *6 years from September 1, 2018 or commercial operation date of Namora I Langit 2 ("NIL2"), whichever occurs first.*

iii. Perjanjian Jual Beli Gas

iii. Gas Sale and Purchase Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Dalle Energy Batam ("DEB")			
PT Perusahaan Gas Negara (Persero) Tbk ("PGN")	27 Desember 2005; terakhir diubah pada tanggal 29 Oktober 2018/ *December 27, 2005; last amendment dated October 29, 2018*	PGN setuju untuk menyediakan dan mengirimkan gas ke pembangkit listrik DEB. Konsumsi gas minimum dan maksimum per bulan adalah 5 BBTU dan 7 BBTU per hari untuk periode 1 Oktober 2014 sampai dengan 31 Agustus 2019. Harga gas yang akan dikenakan PGN kepada DEB adalah sebesar AS$3,84/MMBTU dan Rp605/M3 sampai penggunaan gas sebesar 18,77 BBTUD dan AS$4,22/MMBTU dan Rp700/M3 untuk pemakaian gas sebesar 18,77 BBTUD sampai dengan 27,26 BBTUD mulai 1 Juli 2010/ *PGN agreed to provide and deliver gas to DEB's power plant. The minimum and maximum gas consumption per month is 5 BBTU and 7 BBTU per day for the period from October 1, 2014 up to August 31, 2019. The gas price to be charged by PGN to DEB is US$3.84/MMBTU and Rp605/M3 until the gas usage of 18.77 BBTUD and US$4.22/MMBTU and Rp700/M3 for gas usage from 18.77 BBTUD until 27.26 BBTUD, starting July 1, 2010.*	2 tahun, dapat diperpanjang untuk 6 tahun berikutnya. Pada tahun 2015, kontrak diperpanjang hingga 31 Agustus 2019/ *2 years, can be extended for another 6 years. In 2015, contract was extended up to August 31, 2019.*
PT Energi Prima Elektrika ("EPE")			
PT Pertamina EP	30 Mei 2006/ *May 30, 2006*	PT Pertamina EP setuju untuk menyediakan dan mengirimkan gas ke pembangkit listrik EPE. Harga gas EPE periode 1 Januari 2018 s/d 31 Desember 2018 per MMBTU sebesar 8% x ICP atau setara dengan AS$0,49/ *PT Pertamina EP agreed to provide and deliver gas to EPE's power plant. The gas price for EPE plant for the period January 1, 2018 until December 31, 2018 is 8% x ICP or equivalent to US$0.49 per MMBTU.*	10 tahun, dalam proses perpanjangan kontrak/ *10 years, contract extension in progress*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

iii. Perjanjian Jual Beli Gas (lanjutan)

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

iii. Gas Sale and Purchase Agreements (continued)

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Multidaya Prima Elektrindo ("MPE")			
PT Pertamina EP	30 Mei 2008/ *May 30, 2008*	PT Pertamina EP setuju untuk memberikan dan mengirimkan gas ke pembangkit listrik MPE. Harga gas MPE ditentukan sebagai berikut: (a) Untuk Periode 1 Januari 2018 s/d 29 April 2018 per MMBTU sebesar AS$5,90 sesuai keputusan Menteri ESDM No. 2871/12/MEM.M/2016; (b) periode 30 April 2018 sampai dengan 31 Desember 2018 sebesar (8% x ICP) atau setara dengan AS$0,49 per MMBTU/ *PT Pertamina EP agreed to provide and deliver gas to MPE's power plant. The MPE gas price is determined as follows: (a) For the period January 1, 2018 until April 29, 2018, the price is defined to be US$5.90 per MMBTU in accordance with Ministry of Energy and Mineral Resources Decree No. 2871/12/MEM.M/2016; (b) Whilst for the period April 30, 2018 until December 31, 2018 is (8% x ICP) or equivalent to US$0.49 per MMBTU.*	10 tahun, dalam proses perpanjangan kontrak/ *10 years, contract extension in progress*
PT Universal Batam Energy ("UBE")			
Premier Oil, Natuna 1 BV ("Natuna 1"), Natuna 2 B.V. ("Natuna 2"), KUFPEC Indonesia (Natuna) B.V.	15 April 2008/ *April 15, 2008*	Premier Oil, Natuna 1, Natuna 2 dan Natuna setuju untuk menjual dan UBE setuju untuk membeli gas dari cadangan yang dilakukan dan dari sumber lain dengan harga AS$4,9/MMBTU dengan eskalasi tahunan sesuai perjanjian/ *Premier Oil, Natuna 1, Natuna 2, and Natuna agreed to sell and UBE agreed to purchase gas from committed reserves and from other sources at price of US$4.9/MMBTU subject to annual escalation as stipulated in the contract.*	15 tahun / *15 years*
PT Energi Listrik Batam ("ELB")			
PT Perusahaan Gas Negara (Persero) Tbk ("PGN")	24 April 2015/ *April 24, 2015*	PGN setuju untuk menyediakan dan mengirimkan gas ke pembangkit listrik ELB dengan harga AS$8,06 per MMBTU/ *PGN agreed to provide and deliver gas to ELB's power plant at price of US$8.06 per MMBTU.*	6 Oktober 2018, dalam proses perpanjangan kontrak/ *October 6, 2018, contract extension in progress*
PT Bio Jatropha Indonesia ("BJI")			
PT Brantas Abipraya (Persero)	19 Juni 2012; terakhir diubah pada tanggal 29 September 2015/ *June 19, 2012; last amendment dated September 29, 2015*	Perjanjian dengan PT Brantas Abipraya (Persero) untuk pekerjaan sipil dan metal dan pemasangan, pengujian dan *commissioning* peralatan elektro-mekanis pembangkit listrik tenaga mini-hidro untuk harga yang disepakati sebesar Rp74.450.000.000/ *Agreement with PT Brantas Apibraya (Persero) for civil and metal works and the installation, testing and commissioning of the electro-mechanical equipment of the mini-hydro power plant for an agreed price of Rp74,450,000,000.*	Berakhir pada 31 Januari 2016 / *Ended on January 31, 2016*
PT Arkora Indonesia	22 Desember 2015; terakhir diubah pada tanggal 9 Maret 2018/ *December 22, 2015; last amendment dated March 9, 2018*	Perjanjian dengan PT Arkora Indonesia untuk pekerjaan sipil dan metal dari pembangkit listrik tenaga mini-hidro Cibalapulang dengan nilai contract sebesar Rp65.738.517.050/ *Agreement with PT Arkora Indonesia for civil and metal works of the Cibalapulang mini-hydro power plant with contract value amounting to Rp65,738,517,050.*	Berakhir pada 22 Oktober 2017/ *Ended on October 22, 2017*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

iv. Perjanjian Pekerjaan Sipil dan Metal

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

iv. Civil and Metal Works Agreements

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Pembangkitan Pusaka Parahiangan ("PPP")			
PT Brantas Abipraya (Persero) ("Brantas")	19 April 2013; terakhir diubah pada tanggal 17 November 2015/ *April 19, 2013; last amendment dated November 17, 2015*	Perjanjian dengan PT Brantas Abipraya (Persero) untuk pembangunan Pembangkit Listrik Tenaga Hidro Listrik Cibalapulang. Brantas akan melakukan persiapan, konstruksi sipil dan metal untuk pemasangan jalur distribusi listrik 20KV untuk pembangkit listrik tenaga mini-hidro 2x4,4 MW. Biaya konstruksi adalah sebesar Rp107.199.631.140 dan pekerjaan tambahan untuk jaringan gudang interkoneksi masing-masing sebesar Rp1.602.796.386 dan Rp1.001.327.614/ *Agreement with PT Brantas Abipraya (Persero) for the construction of the Cibalapulang Hydroelectric Power Plant. Brantas shall conduct preparation, civil and metal construction and installation of 20KV electric distribution line for the 2x4.4 MW mini-hydro power plants. The construction cost is Rp107,199,631,140 and additional work for warehouse and interconnection grid amounted to Rp1,602,796,386 and Rp1,001,327,614, respectively*.	4 tahun dengan perpanjangan tahunan atas persetujuan kedua belah pihak./ *4 years subject to annual extension upon approval by both parties.*
Voith Hydro Private Limited ("Voith")	27 Agustus 2013; terakhir diubah pada tanggal 3 September 2014/ *August 27, 2013; last amendment dated September 3, 2014*	Perjanjian dengan Voith Hydro Private Limited dengan jumlah kontrak sebesar AS$4.070.000, untuk: 1. Pengawasan pemasangan dan c*ommissioning* peralatan elektro-mekanis untuk PLTM Pusaka 1 proyek Hidro Listrik; 2. Pengawasan *erection* dan c*ommissioning* peralatan elektro-mekanis untuk PLTM Pusaka 3 proyek Hidro Listrik; 3. Penyediaan peralatan elektro mekanis untuk PLTM Pusaka 1 proyek Hidro Listrik; 4. Penyediaan peralatan elektro mekanis untuk PLTM Pusaka 3 proyek Hidro Listrik/ *Agreement with Voith Hydro Private Limited with total contract amounting to US$4,070,000 for:* 1. *Supervision of installation and commissioning of electro-mechanical equipment for PLTM Pusaka 1 Hydroelectric Project;* 2. *Supervision of erection and commissioning of electro-mechanical equipment for PLTM Pusaka 3 Hydroelectric Project;* *3. Supply of electro-mechanical equipment for PLTM Pusaka 1 Hydroelectric Project;* *4. Supply of electro-mechanical equipment for PLM Pusaka 3 Hydroelectric Project.*	Garansi 16 bulan sejak *commissioning/ Warranty 16 months after commissioning*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

v. Perjanjian Pekerjaan Mekanikal dan Elektrikal

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

v. Mechanical and Electrical Works Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Sangsaka Hidro Barat ("SHBar")			
Andritz Hydro (sebuah konsorsium Andritz Hydro Private Limited, *offshore contractor* dan PT Andritz Hydro Indonesia, *onshore contractor*)/ *Andritz Hydro (a consortium Andritz Hydro Private Limited, offshore contractor and PT Andritz Hydro Indonesia, onshore contractor)*	14 Februari 2014/ *February 14, 2014*	Andritz Hydro harus menyediakan peralatan dan layanan sesuai dengan perjanjian sebagai berikut dengan jumlah nilai kontrak sebesar AS$4.265.396: 1. Penyediaan peralatan elektro mekanis oleh kontraktor *offshore;* 2. Penyediaan peralatan elektro-mekanis oleh *onshore contractor*; 3. Pekerjaan pengangkutan, pemasangan dan *commissioning* peralatan elektro-mekanis/ *Andritz Hydro is required to supply the equipment and provide the services specified in the agreement as follows with total contract amount US$4,265,396:* *1. Supply of electro-mechanical equipment by the offshore contractor;* *2. Supply of electro-mechanical equipment by the onshore contractor;* 3. *Performance of transport, installation and commissioning of electro-mechanical equipment.*	Garansi 12 bulan sejak *commissioning/ Warranty 12 months after commissioning*

vi. Perjanjian Pembebasan Lahan

vi. Land Acquisition Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Sangsaka Hidro Barat ("SHBar")			
Tuan Suwarna	24 April 2014/ *April 24, 2014*	Kontrak pembebasan lahan untuk pembangunan pembangkit listrik tenaga mini-hidro berkapasitas 2x3 MW dan 2x3,25 MW dengan harga yang disepakati sebesar Rp51.000 per m2 untuk perkiraan luas 5 Ha untuk setiap pembangkit listrik/ *Land acquisition contract for the construction of 2x3 MW and 2x3.25 MW mini-hydro power plant for an agreed price of Rp51,000 per m2 for an approximate area of 5 Ha for each plant.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*
PT Nawakara Energi Sumpur ("NES")			
PT Data Lintas Persada ("DLP")	2 Mei 2014; terakhir diubah pada tanggal 20 September 2016/ *May 2, 2014; last amendment dated September 20, 2016*	Kontrak pembebasan lahan untuk proyek PLTM Sumpur dengan total biaya Rp14 miliar/ *Land acquisition agreement for PLTM Sumpur project with total cost of Rp14 billion.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

vii. Perjanjian Jasa Kontrak

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

vii. Contractual Service Agreements

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Energi Listrik Batam			
PT General Electric Operations Indonesia ("GEOI")	28 Desember 2012/ *December 28, 2012*	Perjanjian Jasa Kontrak dengan GEOI dimana GEOI setuju untuk menyediakan layanan pemeliharaan rutin jangka panjang untuk mendukung proyek GTG. Ruang lingkup layanan dan persyaratan berdasarkan kontrak ini, yaitu: 1.Penggantian komponen perangkat keras pembakaran 24 K yang ada sampai pembakaran 32 K dengan harga kontrak sebesar AS$450.000; 2. Biaya mobilisasi sebesar AS$400.000; 3. Pembayaran periodik setiap tiga bulan berdasarkan biaya tetap bulanan yang disepakati, biaya variabel bulanan dan biaya tambahan jam tambahan, dimana biaya tunduk pada eskalasi/ *Contractual Service Agreement with GEOI whereby GEOI agreed to provide long-term routine maintenance services to support the GTG Project*. The scope of services and the terms under this contract are as follows : 1. *Replacement of existing 24 K Combustion hardware parts to 32 K Combustion at a contract price of US$450,000;* 2. *Mobilization fee of US$400,000;* *3. Periodic payment on a quarterly basis based on agreed monthly fixed fee, monthly variable fee and factored hours added fee, which fees are subject to escalation.*	20 tahun sejak tanggal mulai pemeliharaan/ *20 years from the maintenance start date*
PT Enviromate Technology International ("ETI")	29 Juni 2015/ *June 29, 2015*	Perjanjian Sewa dengan ETI dimana ETI setuju untuk menyewakan 2 unit kompresor booster kwangshin. ELB setuju untuk membayar AS$55.000 untuk 2 unit kompresor booster kwangshin/ *Rental Agreement with ETI whereby ETI agreed to lease 2 units of kwangshin booster compressors*. *ELB agreed to pay rental of US$55,000 for the 2 units of kwangshin booster compressors.*	2 tahun/ *2 years*

viii. Perjanjian Operasi Bersama Projek Sarulla Geothermal

viii. Joint Operation Contract of Sarulla Projects

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco Geopower Sarulla ("MGeoPS")			
OrSarulla Inc ("Ormat"), Sarulla Power Asset Ltd ("Itochu"), Kyuden Sarulla Pte. Ltd., ("Kyuden") dan/*and* Sarulla Operation Ltd ("SOL" atau/*or* "Operator")	27 Desember 2007/ *December 27, 2007*	Melaksanakan Grup Kontraktror Pengendalian Bersama (GKPB) dengan entitas lain untuk proyek Sarulla Geothermal Operation untuk: 1. Eksplorasi dan eksploitasi sumber energi panas bumi; 2. Pembangkit listrik dari sumber daya tersebut; dan 3. Penjualan listrik ke PLN dengan harga AS$0,0679/KWh/ *Joint Operation Contract ("JOC") with other entites on Sarulla Geothermal Projects for:* *1. Exploration and exploitation of geothermal energy resources;* *2. Generate the electricity from those resources; and* *3. Sale of electricity to PLN at price US$0.0679/KWh.*	1. 360 bulan dimulai pada masa produksi awal untuk pengiriman listrik. 2. 504 bulan sejak tanggal efektif untuk GKPB/ *1. 360 months commencing on the initial production period for delivery of electricity.* *2. 504 months from the effective date for JOC.*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

ix. Perjanjian Teknis, Pengadaan, dan Konstruksi

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

ix. Engineering, Procurement, and Construction Contract

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
Medco Ratch Power Riau ("MRPR")			
Riau IPP Joint Operation dan/*and* Lotte Engineering & Construction Co. Ltd.	20 Agustus 2018/ *August 20, 2018*	MRPR telah menandatangani perjanjian kontrak, desain, perekayasaan, pengadaan, pendirian/ konstruksi, kontrak pengujian dan pengetesan untuk Proyek Pembangkit Tenaga Listrik Tenaga Gas Riau 275 MW/ *MRPR has signed design, engineering, procurement, erection/construction, commissioning and testing contract for 275MW Riau Gas-Fired Power Plant.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*
PT Medco Geopower Sarulla ("MGeoPS")			
Hyundai Engineering & Construction Co, Ltd ("Hyundai") dan/*and* PT Multifabrindo Gemilang ("Multifab")	12 April 2013; diubah terakhir tanggal 21 Maret 2014/ *April 12, 2013; last amendment dated March 21, 2014*	Hyundai dan Multifab mengadakan perjanjian teknik, pengadaan dan konstruksi untuk proyek Panas Bumi Sarulla/ *Hyundai and Multifab entered into an engineering, procurement, and construction for the Sarulla Geothermal project.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*

x. Perjanjian Pengadaan Suku Cadang dan Pemeliharaan

x. Sparepart Procurement and Maintenance Agreement

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Mitra Energi Batam ("MEB")			
PT PLN (Persero) Pembangkitan dan Penyaluran Kalimantan ("PLNPPK")	9 April 2018; diubah terakhir tanggal 7 Desember 2018/ *April 9, 2018; last amendment dated December 7, 2018*	MEB setuju untuk menyediakan pengadaan *sparepart* dan inspeksi penuh GT Unit 1 PLTGU Tanjung Batu/ *MEB agreed to provide procurement of spare parts and full life inspection of GT Unit 1 PLTGU Tanjung Batu.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*

xi. Pekerjaan Konstruksi Infrastruktur

xi. Infrastructure Construction Works

Perusahaan/*Entity*	**Tanggal Perjanjian/ *Date of Agreement***	**Komitmen/*Commitment***	**Periode Kontrak/ *Contract Period***
PT Medco Geopower Sarulla ("MGeoPS")			
Hyundai Engineering & Construction Co, Ltd ("Hyundai")	7 Juni 2013/ *June 7, 2013*	Hyundai menandatangani perjanjian Pekerjaan Konstruksi Infrastruktur (ICW) untuk proyek Panas Bumi Sarulla dengan total nilai kontrak sebesar AS$27.450.000/ *Hyundai signed an Infrastructure Construction Works (ICW) for the Sarulla Geothermal project for a contract price of US$27,450,000.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

b. Perjanjian Bidang Usaha Listrik (lanjutan)

xii. Kontrak Pengeboran Panas Bumi

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

b. Power Business Activities Agreements (continued)

xii. Geothermal Drilling Contract

Perusahaan/*Entity*	Tanggal Perjanjian/ *Date of Agreement*	Komitmen/*Commitment*	Periode Kontrak/ *Contract Period*
PT Medco Geopower Sarulla ("MGeoPS")			
PT Halliburton Logging Services Indonesia ("Halliburton")	3 Oktober 2013/ *October 3, 2013*	Halliburton sepakat untuk menyediakan unit pengeboran dan peralatan lainnya, melakukan pekerjaan sipil dan melengkapi fasilitas pengujian dengan baik untuk Sarulla Operation Limited dengan harga kontrak sebesar AS$230.000.000/ *Halliburton agreed to provide drilling units and other equipment, perform civil works, and complete well-testing facilities for the Sarulla Operation Limited for a contract price of US$230,000,000.*	Tidak disebutkan secara spesifik/ *Not specifically mentioned*

c. Perjanjian Lain-lain

i. *Aircraft Purchase and Sale Agreement*

Pada tanggal 24 Agustus 2018, Fortico International Limited, entitas yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menandatangani *Aircraft Purchase and Sale Agreement* dengan Team Aero, LLC senilai AS$750.000. Penerimaan kas dari Team Aero, LLC atas transaksi penjualan aset tetap ini diterima pada tanggal 21 September 2018 sebesar AS$769.000 yang terdiri dari *purchase price* sebesar AS$750.000 ditambah dengan *check flight and delivery flight fee* sebesar AS$20.000 dikurangi dengan *escrow agent fee* dan lain-lain sebesar AS$1.000.

ii. Perjanjian *Committed Term Loan Facility*

Pada tanggal 24 Mei 2017, PT Api Metra Graha ("AMG"), entitas anak, menandatangani perjanjian *Committed Term Loan Facility* dengan PT Bank OCBC NISP Tbk ("OCBC") dengan limit fasilitas sebesar AS$150 juta. Jangka waktu fasilitas ini adalah 96 bulan dari tanggal penandatanganan perjanjian. Fasilitas ini dijaminkan dengan gedung The Energy dan Trada dan piutang usaha AMG.

Pada tanggal 6 Juni 2017, AMG telah melakukan penarikan fasilitas ini sebesar AS$65 juta.

Pada tanggal 9 Juni 2017, AMG telah menarik seluruh fasilitas ini sebesar AS$85 juta.

c. Other Agreements

i. Aircraft Purchase and Sale Agreement

On August 24, 2018, Fortico International Limited, wholly-owned indirect subsidiary of Company, signed Aircraft Purchase and Sale Agreement with Team Aero, LLC for US$750,000. The cash proceeds from Team Aero, LLC related to sale of property and equipment has been received on September 21, 2018 amounting to US$769,000 which consist of purchase price amounting to US$750,000 plus check flight and delivery fee amounting to US$20,000 deducted with escrow agent fee and others amounting to US$1,000.

ii. Committed Term Loan Facility Agreement

On May 24, 2017, PT Api Metra Graha ("AMG"), a subsidiary, has signed Committed Term Loan Facility agreement with PT Bank OCBC NISP Tbk ("OCBC") with facility limit amounting to US$150 million. This facility is due within 96 months after the date of the agreement. This facility is collaterallized with The Energy and Trada buildings and AMG's receivables.

On June 6, 2017, AMG has made drawdown of this facility amounting to US$65 million.

On June 9, 2017, AMG has fully drawn this facility amounting to US$85 million.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

iii. Perjanjian Penyediaan Jasa Bisnis

Pada tanggal 15 Mei 2017, Perusahaan menandatangani *Business Service Agreement* dengan PT Medco Daya Abadi Lestari dan grup ("MDAL"). Perusahaan akan memberikan bantuan penyediaan jasa bisnis untuk MDAL, termasuk jasa akuntansi, jasa keuangan, jasa perbendaharaan, jasa perencanaan, bantuan hukum, dan aktivitas operasional lainnya yang terkait dengan bisnis entitas anak MDAL. Perjanjian ini sudah diterminasi pada tanggal 6 Agustus 2018.

iv. Perjanjian Jasa Pekerjaan Pemindahan Tanah dan Pertambangan

Pada tanggal 4 Mei 2017, PT Amman Mineral Nusa Tenggara ("PTAMNT"), PT AP Investment ("PTAPI"), Amman Mineral Contractors (Singapore) Pte Ltd ("AMC"), PT Macmahon Indonesia ("Macmahon Indonesia"), dan Macmahon Holdings Limited ("Macmahon") menandatangani perjanjian dimana PTAMNT akan menunjuk Macmahon Indonesia untuk menyediakan jasa pekerjaan pemindahan tanah dan pertambangan di Batu Hijau (dan berpotensi, untuk menyediakan jasa serupa atau prospek lain yang mungkin akan dikembangkan oleh PTAMNT di area pertambangan yang sama dengan Batu Hijau) sesuai dengan persyaratan kontrak aliansi pertambangan. Berdasarkan perjanjian tersebut, Macmahon akan mengakuisisi beberapa peralatan pertambangan bergerak dari PTAMNT dan sebagai imbalan atas akuisisi tersebut, Macmahon akan menerbitkan sekitar 954.064.924 lembar saham dengan harga penjualan sebesar AS$0,203 per saham. Saham tersebut akan diambil oleh AMC sehingga AMC akan memiliki 44,3% saham di Macmahon. AMC adalah perusahaan yang baru didirikan di Republik Singapura yang pada saat penyelesaian transaksi ini, PTAMNT memiliki saham mayoritas secara tidak langsung di AMC. Transaksi ini efektif pada tanggal 8 Agustus 2017.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

iii. Business Service Agreement

On May 15, 2017, the Company entered into Business Service Agreement with PT Medco Daya Abadi Lestari and its group ("MDAL"). The Company will assist in providing business services for MDAL covering accounting, corporate finance, corporate treasury, corporate planning, legal, and other operational activities related to the business of MDAL's subsidiaries. This agreement has been terminated on August 6, 2018.

iv. Earthmoving and Mining Services Agreement

On May 4, 2017, PT Amman Mineral Nusa Tenggara ("PTAMNT"), PT AP Investment ("PTAPI"), Amman Mineral Contractors (Singapore) Pte Ltd ("AMC"), PT Macmahon Indonesia ("Macmahon Indonesia"), and Macmahon Holdings Limited ("Macmahon") entered into an agreement whereby PTAMNT will engage Macmahon Indonesia to provide earthmoving and mining services at Batu Hijau mine (and potentially, to provide similar services or other prospects which may be developed by PTAMNT in the same mining area as Batu Hijau mine) pursuant to the terms of the life of mine, alliance style mining contract. Based on the agreement, Macmahon will acquire certain mobile mining equipment from PTAMNT and as consideration for such acquisition, Macmahon will issue approximately 954,064,924 shares at a subscription price of US$0.203 per share. The shares will be subscribed by AMC resulting in AMC having a 44.3% shareholding in Macmahon. AMC is a newly incorporated company in the Republic of Singapore that, at completion date of this transaction, is majority owned indirectly by PTAMNT. This transaction became effective on August 8, 2017.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

v. Perjanjian Pinjaman antara PT Meta Adhya Tirta Umbulan (META) dengan Indonesia Infrastructure Finance (IIF)

Pada tanggal 30 Desember 2016, META telah mendapatkan persetujuan dari IIF untuk mendapatkan fasilitas pinjaman senilai Rp1,055 triliun untuk kebutuhan pembiayaan proyek sistem pengendalian air minum di Umbulan, yang selanjutnya akan dinamakan Fasilitas Tranche A, yaitu terdiri dari:

a. Fasilitas Seri A-1: sejumlah sampai dengan maksimum Rp767 miliar.
b. Fasilitas Seri A-2: sejumlah sampai dengan maksimum Rp173 miliar.
c. Fasilitas Seri A-3: sejumlah sampai dengan maksimum Rp70 miliar.
d. Fasilitas Seri A-4: sejumlah sampai dengan maksimum Rp45 miliar.

vi. Perjanjian Jual Beli Batu Bara

Pada tanggal 29 September 2016, PT Duta Tambang Rekayasa ("DTR") dan Swiss Singapore Overseas Enterprises Pte Ltd ("SSOE") menandatangani Kontrak Pembelian Batu Bara Jangka Panjang dimana SSOE setuju untuk membeli 300.000 MT batu bara dari DTR selama enam bulan dengan harga batubara sebesar AS$61 per MT untuk tiga pengiriman pertama. Terkait dengan perjanjian tersebut, DTR memutuskan untuk melanjutkan kembali aktivitas pertambangan batu bara. Pada tanggal 9 Juni 2017 perjanjian ini telah berakhir.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

v. Loan Agreement between PT Meta Adhya Tirta Umbulan (META) with Indonesia Infrastructure Finance (IIF)

On December 30, 2016, META has obtained approval from IIF to obtain a loan facility amounting to Rp1.055 trillion for financing of water management project in Umbulan, hereinafter named as Tranche A Facility, which consists of:

a. Tranche A-1 Facility: up to a maximum amount of Rp767 billion.
b. Tranche A-2 Facility: up to a maximum amount of Rp173 billion.
c. Tranche A-3 Facility: up to a maximum amount of Rp70 billion.
d. Tranche A-4 Facility: up to a maximum amount of Rp45 billion.

vi. Coal Sales and Purchase Agreement

On September 29, 2016, PT Duta Tambang Rekayasa ("DTR") and Swiss Singapore Overseas Enterprises Pte Ltd ("SSOE") signed a Long-term Coal Sales Purchase Contract where SSOE agreed to buy 300,000 MT coal from DTR for six months with coal price at US$61 per MT for the first three shipments. In accordance with this agreement, DTR decided to resume its coal mining operations. On June 9, 2017, this agreement was terminated.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

vii. Perjanjian Penyediaan Air Minum

a. Perjanjian Air Minum Curah Antara PT Meta Adhya Tirta Umbulan dengan Pemerintah Provinsi Jawa Timur

Pada tanggal 21 Juli 2016, PT Meta Adhya Tirta Umbulan ("META"), menandatangani Perjanjian Kerjasama ("Perjanjian Kerjasama") dengan Pemerintah Provinsi Jawa Timur ("Pemprov") terkait Proyek Kerjasama Pemerintah dan Badan Usaha untuk Proyek Kerjasama Pemerintah Swasta Sistem Penyediaan Air Minum Curah dari Mata Air Umbulan, Jawa Timur ("Proyek").

Persyaratan pendahuluan yang dipersyaratkan berdasarkan Perjanjian Kerjasama, antara lain: (i) META telah memperoleh surat pernyataan dari para kreditur Proyek bahwa perjanjian pembiayaan telah berlaku efektif dan persyaratan untuk pencairan awal dari *senior notes* telah dipenuhi; (ii) Pemprov telah memperoleh hak yang diperlukan oleh penggunaan lahan Proyek; dan (iii) Pemprov dan META telah memperoleh persetujuan dan perizinan yang diperlukan terkait Proyek.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

vii. Water Supply Agreements

a. Water Supply Bulk Agreement between PT Meta Adhya Tirta Umbulan with Government of East Java Province

On July 21, 2016, PT Meta Adhya Tirta Umbulan ("META"), entered into a Cooperation Agreement ("Cooperation Agreement") with the Government of East Java Province ("Pemprov") related to the Government and Private Cooperation Project for the Bulk Water Supply System, from Umbulan Springs, East Java ("Project").

The conditions precedent under the Cooperation Agreement are as follows: (i) META has obtained the statement letter from Project creditors that the financing agreement has been effective and requirements for the first drawdown of the senior notes have been fulfilled; (ii) Pemprov has the rights to use Project's land; and (iii) Pemprov and META have obtained approvals and licenses required by the Project.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

vii. Perjanjian Penyediaan Air Minum (lanjutan)

b. Perjanjian Air Minum Curah Antara PT Meta Adhya Tirta Umbulan dengan Perusahaan Daerah Air Bersih Provinsi Jawa Timur

Pada tanggal 21 Juli 2016, META menandatangani Perjanjian Penyediaan Air Minum Curah dari Sistem Penyediaan Air Umbulan dengan Perusahaan Daerah Air Bersih ("PDAB") Provinsi Jawa Timur, dimana PDAB telah mendapatkan pelimpahan kewenangan dari Gubernur Jawa Timur untuk menerima dan membayar tarif air minum curah yang disalurkan oleh META. Berdasarkan Perjanjian Kerjasama dengan Pemerinatah Provinsi Jawa Timur, Penyediaan Air Minum selanjutnya akan disalurkan kepada Perusahaan Daerah Air Minum ("PDAM").

Jangka waktu kontrak ini berlaku sejak tanggal 21 Juli 2016 dan berakhir 25 tahun setelah Tanggal Operasi Komersial.

viii. Perjanjian Penjaminan Penyediaan Air Minum

Pada tanggal 21 Juli 2016, META menandatangani Perjanjian Penjaminan dengan PT Penjaminan Infrastruktur Indonesia (Persero) ("PII"), dimana PII sebagai penjamin, berkewajiban untuk menjamin kewajiban-kewajiban finansial tertentu dari Pemprov dan PDAB kepada META berdasarkan Perjanjian Kerjasama, antara lain, menjamin atas kegagalan bayar PDAB kepada META atas tagihan yang telah jatuh tempo terkait pembayaran tarif air minum curah berdasarkan Perjanjian Penyediaan Air Minum Curah. Jumlah maksimum yang dijamin PII atas kegagalan bayar tersebut adalah sebesar Rp180 miliar.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

vii. Water Supply Agreements (continued)

b. Water Supply Bulk Agreement between PT Meta Adhya Tirta Umbulan with Regional Owned Enterprise of East Java Province

On July 21, 2016, META entered into a Bulk Water Supply System Agreement from the Umbulan Water System Supply with Regional Owned Enterprise of East Java Province ("PDAB"), in which PDAB is authorized by the Governor of East Java Province to receive and make payment for bulk water tariff transported by META. Based on the Cooperation Agreement with East Jakarta Province Government, the next Water Supply will be transported to Drinking Water Local Owned Enterprise ("PDAM").

The period of this contract starts from July 21, 2016 and will be terminated in 25 years after the Commercial Operation Date.

viii. Water Supply Underwriting Agreement

On July 21, 2016, META entered into an Underwriting Agreement with PT Penjaminan Infrastruktur Indonesia (Persero) ("PII"), whereby PII as the guarantor, has to guarantee the financial obligations of Pemprov and PDAB to META pursuant to the Cooperation Agreement, which guarantees PDAB default payment to META on any outstanding bulk water tariff due under the Bulk Water Supply Agreement. The maximum guarantee amount for such default payment is Rp180 billion.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

viii. Perjanjian Penjaminan Penyediaan Air Minum (lanjutan)

Berdasarkan persyaratan Perjanjian Penjaminan dengan PII, META diharuskan sebagai berikut:

a. Membayarkan imbal jasa dimuka kepada PII sebesar Rp15 miliar; dan
b. Menjaminkan imbal jasa penjaminan setiap enam bulan secara di muka sejumlah Rp1,05 miliar yang dibayarkan pertama kali pada tanggal efektif Perjanjian Penjaminan sampai dengan berakhirnya Perjanjian Penjaminan.

Jangka waktu kontrak ini berlaku sejak tanggal 21 Juli 2016 dan berakhir 25 tahun setelah Tanggal Operasi Komersial.

ix. Perjanjian Manajemen Investasi Portofolio

Perusahaan mengadakan perjanjian manajemen investasi portofolio dengan Bank of Singapore (bertindak sebagai "Manajer Investasi"), dimana Perusahaan menunjuk Manajer Investasi untuk menginvestasi dan mengelola portofolio Perusahaan. Berdasarkan perjanjian tersebut, portofolio investasi terdiri dari kas dan instrumen keuangan dalam bentuk saham yang diperdagangkan, surat-surat berharga, reksadana dan efek lainnya.

Berdasarkan perjanjian, Manajer Investasi harus melaporkan nilai aset neto dari portofolio investasi setiap bulan kepada Perusahaan. Manajer Investasi berhak atas imbalan manajemen dari Nilai Aset Neto portofolio investasi.

Pada tanggal 21 November 2018. perjanjian ini telah dialihkan dari Bank of Singapore ke UBS AG.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

viii. Water Supply Underwriting Agreement (continued)

Based on the requirements of the Underwriting Agreement with PII, META is required to:

a. Pay an upfront fee to the PII of Rp15 billion; and

b. Guarantee a recurring fee for every six months in advance of Rp1.05 billion which was first paid on the effective date of the Underwriting Agreement until the end of the Underwriting Agreement.

The period of this contract is effective from July 21, 2016 and will terminate in 25 years after the Commercial Operation Date.

ix. Portfolio Investment Management Agreement

The Company entered into portfolio investment management agreements with Bank of Singapore (acting as "Fund Manager"), whereby the Company appointed this Fund Manager to invest and manage the Company's investment portfolio. Based on such agreements, the investment portfolio will consist of cash and financial instruments, in the form of traded shares of stocks, commercial papers, mutual fund units and other marketable securities.

Under the agreements, the Fund Manager is required to report the net asset value of the Company's respective investment portfolios every month under its management. The Fund Manager is entitled to management fee based on the Net Asset Value of the investment portfolio.

On November 21, 2018, this agreement has been transferred from Bank of Singapore to UBS AG.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

ix. Perjanjian Manajemen Investasi Portofolio (lanjutan)

Jumlah aset neto dari dana Perusahaan yang dikelola oleh para Manajer Investasi tersebut pada tanggal 31 Desember 2018, 2017 dan 2016 masing-masing sebesar AS$21.660.422, AS$22.509.135 dan AS$63.178.382. Investasi ini disajikan sebagai bagian dari "Investasi Jangka Pendek" dalam laporan posisi keuangan konsolidasian (Catatan 5).

x. Perjanjian Jual Beli Kondensat Senoro

Pada tanggal 18 November 2015, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, Petroleum Exploration & Production International Ltd ("PEPIL"), menandatangani Perjanjian Jual Beli Kondensat Senoro ("PJB kondensat") dengan Petro Diamond Singapore Pte Ltd ("PDS").

Jangka waktu penjualan kondensat ke PDS ini adalah 48 bulan atau 4 juta barel kondensat terjual, mana yang terjadi lebih dahulu, dengan harga berdasarkan ICP Senipah dikurangi dengan premi tertentu per barel sebagaimana ditentukan dalam perjanjian.

Pada tanggal 1 Juli 2016, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, Far East Energy Trading Pte Ltd ("FEET"), menandatangani PJB kondesat dengan PDS dengan jangka waktu 48 bulan atau 4 juta barel kondesat terjual, mana yang terjadi lebih dahulu, dengan harga berdasarkan ICP Senipah dikurangi dengan premi tertentu per barel sebagaimana ditentukan dalam perjanjian.

Pada tanggal 1 Juli 2017, FEET dan PDS menyetujui amandemen PJB kondensat untuk memperpanjang masa perjanjian sampai dengan Juni 2019.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

ix. Portfolio Investment Management Agreement (continued)

The total net asset value of the Company's funds managed by the Fund Manager as of December 31, 2018, 2017 and 2016 amounted to US$21,660,422, US$22,509,135 and US$63,178,382, respectively. These investments are presented as part of "Short-term Investments" in the consolidated statements of financial position (Note 5).

x. The Senoro Condensate Sales and Purchase Agreement

On November 18, 2015, the Company, through its wholly-owned indirect subsidiary, Petroleum Exploration & Production International Ltd ("PEPIL"), signed The Senoro Condensate Sales and Purchase Agreement with Petro Diamond Singapore Pte Ltd ("PDS").

The term for the sales of condensate to PDS is 48 months or 4 million barrels of condensate sold, whichever occurs earlier, at a price based on ICP Senipah minus a fixed premium per barrel as stated in the agreement.

On July 1, 2016, the Company, through its wholly-owned indirect subsidiary, Far East Energy Trading Pte Ltd ("FEET"), signed the Senoro Condensate Sales and Purchase Agreement with PDS with term of 48 months or when 4 million barrels of condensate have been sold, whichever occurs earlier, at a price based on ICP Senipah minus a fixed premium as stated in the agreement.

On July 1, 2017, FEET and PDS agreed to amend Senoro Condensate Sales and Purchase Agreement to extend the period of the contract until June 2019.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xi. Perjanjian Pengangkutan Gas Melalui Pipa

Pada tanggal 10 Desember 2014, PT Mitra Energi Gas Sumatera ("MEGS") melakukan perjanjian tripartit dengan PT Perusahaan Listrik Negara (Persero) dan PT Medco E & P Lematang ("MEPL") terkait pemanfaatan jalur transmisi pipa atas pengangkutan gas bumi dari Lapangan Singa di Blok Lematang ke Stasiun Gunung Megang dengan jumlah gas yang diangkut sebesar 36.661 MMSCF untuk jasa transportasi gas sebesar AS$0,45/MSCF hingga April 2017. Dalam perjanjian ini, MEGS sebagai pihak yang mengoperasikan pipa dan melakukan transportasi gas bumi.

Pada tanggal 19 September 2017, MEGS, entitas anak yang dimiliki seluruhnya, menandatangani Amandemen Perjanjian Pengangkutan Gas Bumi dari Lapangan Singa di Blok Lematang ke Stasiun Gunung Megang Station dengan MEPL dan PLN.

Sesuai keputusan rapat dengan BPH Migas, penetapan tarif transportasi pipa untuk ruas Gunung Megang ke Singa Station adalah AS$0,20/MSCF dan berlaku sejak 1 Januari 2016 sampai dengan tanggal 31 Agustus 2020 atau pada saat telah terpenuhinya jumlah penyaluran gas bumi oleh MEPL.

xii. *Plan of Development* (POD) Bengara-I

Pada tanggal 22 Maret 2013, Kementerian ESDM melalui suratnya telah memberikan persetujuan POD pertama lapangan South Sebuku Wilayah Kerja Bengara-I. Apabila PT Medco E & P Bengara tidak melaksanakan kegiatan sesuai dengan rencana pengembangan lapangan dalam jangka waktu 5 (lima) tahun sejak persetujuan ini, maka PSC wajib mengembalikan wilayah kerja Bengara-I kepada pemerintah.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xi. Gas Transportation Agreement Through Pipes

On December 10, 2014, PT Mitra Energi Gas Sumatera ("MEGS") entered into a tripartite agreement with PT Perusahaan Listrik Negara (Persero) and PT Medco E & P Lematang ("MEPL") related to the usage of the transmission pipeline for the transportation of natural gas from Singa Field in Lematang Block to Megang Mountain Station with total gas of 36,661 MMSCF for a gas transportation service fee of US$0.45/MSCF until April 2017. Under this agreement, MEGS is the operator of the pipeline for the transportation of natural gas.

On September 19, 2017, MEGS, a wholly-owned subsidiary, signed a Gas Transportation Amendment Agreement from Lapangan Singa in Lematang Block to Gunung Megang Station with MEPL and PLN.

As decided on a meeting with BPH Migas, the agreed tariff for pipeline from Gunung Megang to Singa Station is US$0.20/MSCF and is valid from January 1, 2016 to August 31, 2020 or when the distribution of natural gas is achieved by MEPL.

xii. Plan of Development (POD) for Bengara-I

On March 22, 2013, the Ministry of Energy and Mineral Resources (ESDM) in its letter has given approval to the first POD in South Sebuku Field Bengara-I Work Area. If PT Medco E & P Bengara does not perform the activities as per Field Development Planning within 5 (five) years from this approval date, then the PSC for Bengara-I Work Area has to be relinquished to the Government.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xii. *Plan of Development* (POD) Bengara-I (lanjutan)

Pada tanggal 5 Maret 2018, Direktur Utama PT Medco E & P Bengara ("MEPB") mengirimkan surat kepada Kepala SKK Migas perihal permohonan kebijakan perpanjangan jangka waktu pelaksanaan POD-I South Sebuku, Wilayah Kerja Bengara I, Kalimantan Utara.

Pada tanggal 21 September 2018, MEPB dan SKK Migas telah melakukan pertemuan untuk membahas monitoring POD dan perkembangan Proyek Pengembangan Lapangan South Sebuku, Wilayah Kerja Bengara-I ("Proyek"). Pada tanggal 26 September 2018, MEPB telah mengirimkan surat kepada SKK Migas perihal detil jadwal Proyek untuk permohonan perpanjangan POD-I South Sebuku, Wilayah Kerja Bengara I, Kalimantan Utara.

Belum ada tanggapan dari SKK Migas sampai dengan tanggal selesainya laporan keuangan konsolidasian.

xiii. Jasa Pendukung Pengeboran Minyak dan Gas Bumi

(a) Pada tanggal 11 Februari 2016, EPI dan PT Halliburton Logging Services Indonesia ("Halliburton") menyetujui amandemen kedua untuk memperpanjang masa kontrak untuk *drilling rig* berkapasitas 2.000 HP milik EPI hingga 31 Desember 2016. Perjanjian ini dilanjutkan hingga 31 Maret 2017 dan tidak diperpanjang setelah berakhirnya masa kontrak.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xii. Plan Of Development (POD) for Bengara-I (continued)

On March 5, 2018, the President Director of PT Medco E & P Bengara ("MEPB") sent a letter to the Head of SKK Migas requesting the extension of the implementation period of POD-I South Sebuku, Field Bengara I, North Kalimantan.

On September 21, 2018, MEPB and SKK Migas has met to discuss POD monitoring and development of South Sebuku, Field Bengara-I Project ("Project"). On September 26, 2018, MEPB sent a letter to SKK Migas related to the detail schedule of the Project for requesting extension of the implementation period of POD-I South Sebuku, Field Bengara I, North Kalimantan.

No response has yet been received from SKK Migas until the completion date of the consolidated financial statements.

xiii. Oil and Gas Drilling Support Services

(a) On February 11, 2016, EPI and PT Halliburton Logging Services Indonesia ("Halliburton") agreed on the second amendment to extend the period of contract for drilling rig with capacity of 2,000 HP until December 31, 2016. This agreement was extended until March 31, 2017 and no longer renewed after the end of the contract period.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiii. Jasa Pendukung Pengeboran Minyak dan Gas Bumi (lanjutan)

(b) Pada tanggal 9 Februari 2015, EPI sepakat untuk menyediakan satu unit land rig workover truck mounted dengan kapasitas 450 HP lengkap dengan tenaga kerja, alat-alat berat, peralatan utama dan penunjangnya untuk jangka waktu dua tahun di wilayah kerja PT Pertamina EP Asset 2 Limau Field tahun 2015-2016 dengan nilai kontrak maksimum AS$3.600.732 yang berakhir pada tanggal 5 April 2017. Pada tahun 2016, EPI dan PT Pertamina EP Asset 2 Field Limau menandatangani amandemen I untuk menambah nilai kontrak menjadi AS$3.960.805 dan menambah jangka waktu kontrak sampai dengan tanggal 5 Juli 2017 dan tidak diperpanjang setelah berakhirnya kontrak. Amandemen ini juga mengubah tarif harian operasi dari AS$5.445 menjadi AS$4.900, tarif harian siaga dari AS$4.356 menjadi AS$3.675, dan tarif harian pindah perangkat rig service dari AS$4.084 menjadi AS$3.675.

Pada tahun 2017, EPI sepakat untuk menyediakan Jasa Penyediaan dan Pengoperasian 1 (satu) unit rig berkapasitas 350 HP selama 2 tahun kepada PT Pertamina EP Asset 2. Nilai kontrak tersebut adalah sebesar Rp39.991.924.546 dengan jangka waktu perjanjian 9 Maret 2017 hingga 27 Mei 2019.

Pada tanggal 22 Februari 2019, EPI dan PT Pertamina EP Asset 2 menandatangani amandemen I untuk menambah nilai kontrak menjadi Rp49.989.905.683 dan menambah jangka waktu kontrak sampai dengan tanggal 28 Maret 2020.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiii. Oil and Gas Drilling Support Services (continued)

(b) On February 9, 2015, EPI agreed to provide one unit land rig workover truck mounted with capacity 450 HP complete with labor, heavy equipments, main equipments and its supporting equipment for a period of two years to PT Pertamina EP Asset 2 Limau Field year 2015-2016 with maximum contract value of US$3,600,732 which ends on April 5, 2017. In 2016, EPI and PT Pertamina EP Asset 2 Field Limau signed amendment I to increase the contract value to US$3,960,805 and extend the contract term until July 5, 2017 with no renewal anymore after the end of the contract period. This amendment also changed the daily operation rate from US$5,445 to US$4,900, daily standby rate from US$4,356 to US$3,675, and daily rig service moving rate from US$4,084 to US$3,675.

In 2017, EPI agreed to rent out and operate 1 (one) unit rig with capacity of 350 HP for 2 years to PT Pertamina EP Asset 2. The contract value is Rp39,991,924,546 with contract term from March 9, 2017 until May 27, 2019.

On February 22, 2019, EPI and PT Pertamina EP Asset 2 signed amendment I to increase contract value to Rp49,989,905,683 and extend the contract term until March 28, 2020.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiii. Jasa Pendukung Pengeboran Minyak dan Gas Bumi (lanjutan)

(c) Efektif tanggal 13 Juni 2017, EPI sepakat untuk menjual dua unit rig berkapasitas 450 HP kepada Biyaq Oilfield Services LLC ("BOS") dengan harga total AS$2.144.000. Jumlah tersebut akan diterima secara penuh oleh EPI pada Juli 2019 melalui pembayaran cicilan per bulan sebesar AS$112.843 yang dimulai pada 1 Januari 2018. EPI dan BOS sepakat untuk melunaskan pembayaran paling akhir pada tanggal 31 Juli 2019.

Pada bulan Maret 2018, EPI dan BOS menyutujui amandemen I perjanjian jual beli rig untuk mengubah tanggal permulaan pembayaran cicilan dan tanggal penyelesaian. Tanggal permulaan pembayaran cicilan diubah dari 1 Januari 2018 menjadi 1 April 2018 dan tanggal pelunasan pembayaran cicilan diubah dari 31 Juli 2019 menjadi 31 Desember 2019.

(d) Pada tanggal 20 November 2018, EPI, PT Medco E & P Malaka, dan Triangle Pase Inc (TPI) menandatangani pemanfaatan bersama kontrak rental minimum 1500 HP Drilling Rig di Blok A sampai dengan 20 Maret 2019. TPI bermaksud untuk memanfaatkan kontrak dengan perkiraan nilai sebesar AS$2.214.025 dari total nilai kontrak awal yang disepakati oleh EPI dan PT Medco E & P Malaka pada tanggal 21 Maret 2017 sebesar AS$18.030.320.

Pada tanggal 21 November 2018, EPI dan PT Medco E & P Malaka menandatangani amandemen perjanjian untuk menambah nilai kontrak menjadi AS$20.242.617, menambah jangka waktu kontrak sampai dengan tanggal 20 Maret 2020, dan menambahkan TPI sebagai salah satu pihak dalam kontrak ini.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiii. Oil and Gas Drilling Support Services (continued)

(c) Effective on June 13, 2017, EPI agreed to sell two units of rig with capacity of 450 HP to Biyaq Oilfield Services LLC ("BOS") with total selling price amounting to US$2,144,000. The selling price will be fully received by EPI in July 2019 through monthly installments amounting to US$112,843 starting on January 1, 2018. EPI and BOS agreed to fully paid at the latest on July 31, 2019.

In March 2018, EPI and BOS agreed on the first amendment of rig sales and purchase agreement to modify the start date of first installment and completion date. Start date of first installment was modified from January 1, 2018 to April 1, 2018 and installment payment was modified from July 31, 2019 to December 31, 2019.

(d) On November 20, 2018, EPI, PT Medco E & P Malaka, and Triangle Pase Inc (TPI) signed joint-utilization rental contract of minimum 1500 HP Drilling Rig in Block A until March 20, 2019. TPI intended to utilize the contract with estimated value of US$2,214,025 from initial contract value agreed by EPI and PT Medco E & P Malaka on March 21, 2017 in the amount of US$18,030,320.

On November 21, 2018, EPI and PT Medco E & P Malaka signed the amendment to increase contract value to US$20,242,617, extend the contract term until March 20, 2020, and add TPI as a party in this contract.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiii. Jasa Pendukung Pengeboran Minyak dan Gas Bumi (lanjutan)

(e) Pada tahun 2018, EPI dan PT Antareja Resources menandatangani perjanjian jasa sewa menyewa rig #AR 09 2000 HP untuk lima (5) proyek, yaitu proyek Blok A, Pase, Ijen, Matang, dan Rambutan dengan jangka waktu mulai dari 1 Maret 2018 sampai dengan 31 Desember 2020.

xiv. Transaksi Minyak Mentah

(a) Pada tanggal 30 Juni 2011, Perusahaan (dahulu melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, Petroleum Exploration & Production International Ltd ("PEPIL")), menandatangani Perjanjian Jual Beli Minyak Mentah ("PJB Minyak Mentah") dengan Petro Diamond Singapore Pte Ltd ("PDS").

Jangka waktu penjualan minyak ke PDS ini adalah 3 (tiga) tahun yaitu mulai Januari 2012 sampai dengan Desember 2014 dengan harga berdasarkan *Indonesian Crude Price* ("ICP") dari *Sumatera Light Crude* ("SLC") ditambah dengan premi tertentu per barel sebagaimana ditentukan dalam perjanjian. Pengiriman pertama dilakukan pada bulan Januari 2012.

Perjanjian telah diubah beberapa kali, yang terakhir adalah pada tanggal 1 April 2015, dimana kedua belah pihak setuju untuk memperpanjang kontrak sampai dengan 30 Juni 2018.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiii. Oil and Gas Drilling Support Services (continued)

(e) In 2018, EPI and PT Antareja Resources signed rig #AR 09 2000 HP rental agreement for five (5) projects, which are Block A, Pase, Ijen, Matang and Rambutan projects with contract term starting from March 1, 2018 until December 31, 2020.

xiv. Crude Oil Transactions

(a) On June 30, 2011, the Company (previously through its wholly-owned indirect subsidiary, Petroleum Exploration & Production International Ltd ("PEPIL")), signed a Crude Oil Sale and Purchase Agreement ("COSPA") with Petro Diamond Singapore Pte Ltd ("PDS").

The term for the sales of crude oil to PDS will be 3 (three) years starting from January 2012 to December 2014 at a price based on Indonesian Crude Price ("ICP") of Sumatera Light Crude ("SLC") including fixed premium per barrel as stated in the agreement. The first delivery occurred in January 2012.

The agreement has been amended several times, with the latest on April 1, 2015, whereas both parties agreed to extend the contract until June 30, 2018.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiv. Transaksi Minyak Mentah (lanjutan)

(b) Pada tanggal 16 April 2015, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, PEPIL, menandatangani Amendemen atas Amandemen dan Pernyataan Kembali Perjanjian Jual Beli Minyak Mentah dengan PDS.

Jangka waktu penjualan minyak ke PDS ini adalah satu tahun atau 1.025.000 barel minyak mentah terjual, mana yang lebih akhir terjadi, dengan harga berdasarkan ICP Tiaka ditambah dengan premi tertentu per barel sebagaimana ditentukan dalam perjanjian.

(c) Pada tanggal 1 Juli 2016, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, Far East Energy Trading Pte Ltd ("FEET"), menandatangani PJB Minyak Mentah dengan PDS dengan jangka waktu penjualan minyak ke PDS ini adalah 24 bulan sampai dengan 30 Juni 2018 dengan harga berdasarkan ICP dari SLC ditambah dengan premi tertentu per barel sebagaimana ditentukan dalam perjanjian.

(d) Pada tanggal 1 Mei 2017, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, FEET, menandatangani PJB Minyak Mentah dengan Lukoil Asia Pasific Pte. Ltd. ("LAP"), perusahaan yang berdomisili dan berlokasi di Singapura, untuk penjualan dan pengiriman minyak mentah ke LAP, dengan jangka waktu 24 bulan sampai dengan 30 April 2019. Harga minyak yang ditetapkan di dalam perjanjian berdasarkan ICP dari SLC termasuk dengan premi tetap per barel sesuai dengan yang ditetapkan di dalam perjanjian.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiv. Crude Oil Transactions (continued)

(b) On April 16, 2015, the Company through its wholly-owned indirect subsidiary, PEPIL, signed an Amendment to the Amended and Restated Crude Oil Sale and Purchase Agreement with PDS.

The term for the sales of crude oil to PDS is one year or when 1,025,000 barrels of crude oil has been sold, whichever occurs later, at a price based on ICP Tiaka plus a fixed premium per barrel as stated in the agreement.

(c) On July 1, 2016, the Company through its wholly-owned indirect subsidiary, Far East Energy Trading Pte Ltd ("FEET"), signed the Crude Oil Sales and Purchase Agreement ("COSPA") with PDS with term for the sales of crude oil to PDS of 24 months until June 30, 2018 at a price based on ICP of SLC including fixed premium per barrel as stated in the agreement.

(d) On May 1, 2017, the Company through its wholly-owned indirect subsidiary, FEET, signed the Crude Oil Sales and Purchase Agreement ("COSPA") with Lukoil Asia Pacific Pte. Ltd. ("LAP"), a company incorporated and located in Singapore, for the sales and delivery of crude oil to LAP, with term of agreement of 24 months until April 30, 2019. The price of the oil covered in the agreement is based on ICP of SLC including fixed premium per barrel as stated in the agreement.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiv. Transaksi Minyak Mentah (lanjutan)

Pada PJB Minyak Mentah tersebut, pembayaran dari LAP ke FEET dibayarkan dengan mekanisme uang muka, sesuai dengan syarat dan ketentuan yang disetujui oleh kedua belah pihak. Jumlah uang muka yang tercantum dengan PJB Minyak Mentah adalah sebesar AS$150 juta. Pada tanggal 12 Juni 2017, FEET telah menerima pembayaran uang muka pertama sebesar AS$80 juta untuk penjualan dan pengiriman minyak mentah selama dua belas bulan. Jumlah yang diterima dicatat pada akun "Uang muka dari pelanggan" dalam laporan keuangan konsolidasian (Catatan 23a). Pada tanggal 27 Oktober 2017, FEET telah menerima pembayaran uang muka kedua sebesar AS$70 juta.

(e) Pada tanggal 13 Juni 2017, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, FEET, menandatangani PJB Minyak Mentah dengan LAP, perusahaan yang berdomisili dan berlokasi di Singapura, untuk penjualan dan pengiriman minyak mentah ke LAP, dengan jangka waktu 24 bulan sampai dengan 12 Juni 2019. Harga minyak yang ditetapkan di dalam perjanjian berdasarkan ICP dari Belida dan Belanak termasuk dengan premi tetap per barel sesuai dengan yang ditetapkan di dalam perjanjian.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiv. Crude Oil Transactions (continued)

Under the COSPA, the payment of LAP to FEET is made by way of an advance payment mechanism, subject to terms and conditions that are mutually agreed by both parties. The total advance payments under the COSPA is US$150 million. On June 12, 2017, FEET received the first advance payment amounting to US$80 million for the sale and delivery of crude oil for twelve months. The amount received is recorded in "Advances from customers" account in the consolidated statements of financial position (Note 23a). On October 27, 2017, FEET received the second advance payment amounting to US$70 million.

(e) On June 13, 2017, the Company through its wholly-owned indirect subsidiary, FEET, signed the COSPA with LAP, a company incorporated and located in Singapore, for the sales and delivery of crude oil to LAP, with term of agreement of 24 months until June 12, 2019. The price of the oil covered in the agreement is based on ICP of Belida and Belanak including fixed premium per barrel as stated in the agreement.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiv. Transaksi Minyak Mentah (lanjutan)

Pada PJB Minyak Mentah tersebut, pembayaran dari LAP ke FEET dibayarkan dengan mekanisme uang muka, sesuai dengan syarat dan ketentuan yang disetujui oleh kedua belah pihak. Jumlah uang muka yang tercantum dengan PJB Minyak Mentah adalah sampai dengan AS$150 juta. Pada tanggal 20 Desember 2017, FEET telah menerima pembayaran uang muka pertama sebesar AS$40 juta untuk penjualan dan pengiriman minyak mentah selama dua belas bulan. Pembayaran uang muka kedua dan ketiga diterima pada tanggal 31 Desember 2018 sebesar AS$50 juta dan tanggal 19 Maret 2019 sebesar AS$30 juta.

(f) Pada tanggal 18 Desember 2017, Perusahaan melalui entitas anak yang secara tidak langsung dimiliki sepenuhnya, FEET, menandatangani PJB Minyak Mentah dengan PT Medco Daya Abadi Lestari ("MDAL"), perusahaan yang berdomisili dan berlokasi di Jakarta, untuk pembelian, penerimaan dan pembayaran minyak mentah dari MDAL, dengan jangka waktu 30 bulan sampai dengan 30 Juni 2020. Harga minyak yang ditetapkan di dalam perjanjian berdasarkan ICP dari Belida dan/atau Belanak termasuk dengan premi tetap per barel sesuai dengan yang ditetapkan di dalam perjanjian.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiv. Crude Oil Transactions (continued)

Under the COSPA, the payment of LAP to FEET is made by way of an advance payment mechanism, subject to terms and conditions that are mutually agreed by both parties. The total advance payment under the COSPA is up to US$150 million. On December 20, 2017, FEET has received the first advance payment amounting to US$40 million for the sale and delivery of crude oil for twelve months. The second and third advance payment have been received on December 31, 2018 amounting to US$50 million and on March 19, 2019 amounting to US$30 million.

(f) On December 18, 2017, the Company through its wholly-owned indirect subsidiary, FEET, signed the Crude Oil Sales and Purchase Agreement ("COSPA") with PT Medco Daya Abadi Lestari ("MDAL"), a company incorporated and located in Jakarta, for the purchase, receipt and payment of crude oil to MDAL, with term of agreement of 30 months until June 30, 2020. The price of the oil covered in the agreement is based on ICP of Belida and/or Belanak including fixed premium per barrel as stated in the agreement.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xiv. Transaksi Minyak Mentah (lanjutan)

Pada PJB Minyak Mentah tersebut, pembayaran dari FEET ke MDAL dibayarkan dengan mekanisme uang muka, sesuai dengan syarat dan ketentuan yang disetujui oleh kedua belah pihak. Jumlah uang muka yang tercantum dengan PJB Minyak Mentah adalah sampai dengan AS$150 juta. Pada tanggal 20 Desember 2017, MDAL telah menerima pembayaran uang muka pertama sebesar AS$40 juta untuk pembelian, penerimaan dan pembayaran minyak mentah selama dua belas bulan. Pembayaran uang muka kedua belum diterima sampai dengan tanggal penyelesaian laporan keuangan konsolidasian.

xv. Perpanjangan PSC

Pada bulan Oktober 2010, Pemerintah Republik Indonesia melalui SKK Migas memberikan persetujuan perpanjangan Kontrak Kerja Sama ("PSC") wilayah kerja Blok *South Sumatera*, Blok A dan Bawean.

Perpanjangan PSC *South Sumatera* berlaku untuk jangka waktu 20 (dua puluh) tahun yang akan berlaku efektif dari tanggal 28 November 2013 sampai dengan 27 November 2033 dengan nilai komitmen sebesar AS$24 juta.

Perpanjangan PSC Bawean berlaku untuk jangka waktu 20 (dua puluh) tahun yang berlaku efektif dari tanggal 12 Februari 2011 sampai dengan 11 Februari 2031 dengan nilai komitmen sebesar AS$50,5 juta. Efektif pada tanggal 25 September 2017, Perusahaan telah melepaskan 100% kepemilikannya di PSC Bawean kepada HyOil.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xiv. Crude Oil Transactions (continued)

Under the COSPA, the payment of FEET to MDAL is made by way of an advance payment mechanism, subject to terms and conditions that are mutually agreed by both parties. The total advance payment under the COSPA is up to US$150 million. On December 20, 2017, MDAL has received the first advance payment amounting to US$40 million for the purchase, receipt and payment of crude oil for twelve months. The second advance payment has not yet been received until the completion date of the consolidated financial statements.

xv. Extension of PSC

In October 2010, the Government of the Republic of Indonesia through SKK Migas approved the extension of the respective Production Sharing Contracts ("PSC") of South Sumatera Blocks, Block A and Bawean.

The extension of South Sumatera PSC is valid for 20 (twenty) years, which will be effective from November 28, 2013 to November 27, 2033 with a commitment value of US$24 million.

The extension of PSC Bawean is valid for a period of 20 (twenty) years from February 12, 2011 to February 11, 2031 with a commitment value of US$50.5 million. Effective on September 25, 2017, the Company has divested 100% of its interest in PSC Bawean to HyOil.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xv. Perpanjangan PSC (lanjutan)

Dalam tambahan hak dan kewajiban Kontraktor yang diatur dalam PSC Blok A, Aceh, yang telah diubah dan dinyatakan kembali, kontraktor menyepakati antara lain untuk mengalokasikan sebesar minimum 1% dari pendapatan produksi tahunan sebagai kontribusi mereka kepada program pengembangan masyarakat sesuai dengan Memorandum Perjanjian tertanggal 5 April 2010 antara PT Medco E & P Malaka dan Pemerintah Provinsi Aceh.

Untuk PSC Blok A, perpanjangan PSC tersebut juga telah disepakati oleh Pemerintah Aceh sesuai dengan ketentuan Undang-undang No. 11 Tahun 2006 tentang Pemerintahan Aceh. Jangka waktu perpanjangan PSC Blok A adalah 20 (dua puluh) tahun yang berlaku efektif dari tanggal 1 September 2011 sampai dengan 31 Agustus 2031.

Pada tanggal 4 April 2016, Pemerintah Republik Indonesia melalui Kementerian Energi dan Sumber Daya Mineral ("ESDM"), melalui surat No. 2870/12/MEM.M/2016, memberikan persetujuan perpanjangan PSC wilayah kerja Blok Lematang.

Perpanjangan PSC Lematang berlaku untuk jangka waktu 10 (sepuluh) tahun yang berlaku efektif dari tanggal 6 April 2017 sampai dengan 5 April 2027 dengan nilai komitmen sebesar AS$52,5 juta.

Pada bulan November 2018, Pemerintah Republik Indonesia melalui SKK Migas memberikan persetujuan perpanjangan Blok Tarakan dalam bentuk Kontrak *Gross Split*. Kontrak baru dengan metode *gross split* ini akan berlaku efektif pada tanggal 14 Januari 2022 untuk jangka waktu 20 tahun dengan nilai komitmen sebesar AS$35,5 juta. Kontraktor wajib menawarkan 10% hak kelolanya kepada pemerintah daerah.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xv. Extension of PSC (continued)

In addition to the rights and obligations of the contractors as set forth in the amended and restated PSC for Block A, Aceh, the contractors agreed, among other matters, to allocate, at the minimum 1% of the total revenues from the yearly production as their contribution to community development programs in accordance with the Memorandum of Agreement dated April 5, 2010 between PT Medco E & P Malaka and the Aceh Provincial Government.

For Block A PSC, the PSC extension has also been agreed to by the Government of Aceh in accordance with the provisions of Law No. 11 Year 2006 of the Government of Aceh. The extension of Block A PSC is for 20 (twenty) years effective from September 1, 2011 to August 31, 2031.

On April 4, 2016, the Government of the Republic of Indonesia through the Ministry of Energy and Mineral Resources ("ESDM"), by its letter No. 2870/12/MEM.M/2016, approved the extension of PSC of Lematang Block.

The extension of PSC Lematang is valid for a period of 10 (ten) years from April 6, 2017 to April 5, 2027 with commitment value of US$52.5 million.

In November 2018, the Government of the Republic of Indonesia through SKK Migas approved the extension of Tarakan Block in the form of Gross Split Contract. The gross split scheme will be applied to new contracts effective on January 14, 2022 for 20 years with commitment value of US$35.5 million. The contractor is obliged to offer 10% of their working interest to the local government.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xvi. Perjanjian Operasi Bersama Medco E & P Natuna Ltd

Pada tanggal 1 Februari 2007, sebagai pemilik hak partisipasi di PSC Blok B Laut Natuna Selatan ("PSC"), (i) ConocoPhillips Indonesia Inc. Ltd. (sekarang menjadi Medco E & P Natuna Ltd, "MEPN") sebagai pemiliki 40% hak partisipasi dan juga sebagai operator, (ii) Inpex Natuna Ltd. (yang sebelumnya telah berubah nama menjadi PT Medco Daya Natuna) sebagai pemilik hak partisipasi sebesar 35% yang baru saja mengalihkan seluruh hak partisipasinya kepada PT Medco Daya Natuna, dan (iii) Chevron South Natuna B Inc. (sekarang menjadi Prime Natuna Inc.) sebagai pemilik hak partisipasi sebesar 25% ("Para Pihak") mengadakan Perjanjian Operasi Bersama ("JOA") untuk mengatur hak dan kewajiban Para Pihak atas kegiatannya di wilayah kerja PSC. Perjanjian ini menggantikan JOA tertanggal 22 Mei 1969 dan akan terus berlaku sampai diakhiri dengan persetujuan Para Pihak atau satu pihak dari semua kepentingan untuk seluruh atau sebagian dari wilayah kerja, atau ketika berakhirnya kontrak. Berdasarkan JOA, operator berhak membebankan kepada *Joint Account* semua biaya-biaya terkait jasa oleh induk perusahaan operator. Non-operator harus membayar kepada operator atas biaya *overhead* induk perusahaan operator.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xvi. Joint Operating Agreement of Medco E & P Natuna Ltd

On February 1, 2007, as the owner of the participating interest in South Natuna Sea Block B PSC ("PSC"), (i) ConocoPhillips Indonesia Inc. Ltd. (now known as Medco E & P Natuna Ltd, "MEPN") as the owner of 40% participating interest and also as the operator, (ii) Inpex Natuna, Ltd. (previously has changed its name to PT Medco Daya Natuna as the owner of 35% participating interest which recently has assigned its whole participating interest to PT Medco Daya Natuna, and (iii) Chevron South Natuna B Inc. (now known as Prime Natuna Inc) as the owner of 25% participating interest (the "Parties") entered into a Joint Operating Agreement ("JOA") to define their respective rights and obligations with respect to their operations under the PSC. This agreement shall supersede the JOA dated May 22, 1969 and shall continue in effect until terminated by consent of the Parties or the vesting in one Party of all interests as to the whole or any portion of the Contract area, or on expiration of the Contract. Based on the JOA, the Operator shall charge to the Joint Account all charges for service rendered by the Corporate Parent of the operator. The non-operator shall also pay to the operator parent company overhead.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xvi. Perjanjian Operasi Bersama Medco E & P Natuna Ltd (lanjutan)

Pada tanggal 15 Januari 1999, ConocoPhillips Indonesia Inc Ltd (sekarang menjadi Medco E & P Natuna Ltd, "MEPN"), Premier Oil Natuna Sea Limited (sekarang Premier Oil Natuna Sea B.V., "Premier Oil") dan Gulf Resources (Kakap) Ltd. (sekarang Star Energy (Kakap) Ltd.,"Star Energy") sebagai "Grup PSC" dengan persetujuan Pertamina, mengadakan Perjanjian *West Natuna Transportation System Joint Venture ("JV WNTS").* Grup PSC bermaksud untuk membangun dan mengoperasikan Sistem Pipa Natuna Barat, Jaringan SembGas dan Fasilitas Penerima, dan bermaksud untuk menggunakan sistem tersebut untuk mengangkut dan/atau mengantarkan kembali gas selain gas yang dimaksud dalam Perjanjian Penjualan Gas (antara Pertamina dan SembCorp Gas Pte Ltd). Perjanjian ini berlaku sampai dengan semua Grup PSC, dalam kapasitasnya sebagai anggota dari Grup JV WNTS menarik diri dari perjanjian ini.

Pada tanggal 31 Oktober 2008, MEPN, Star Energy dan Premier Oil ("Grup PSC") dengan persetujuan BPMIGAS (sekarang SKK Migas), mengadakan Perjanjian Pengangkutan GSA2 atau GSA2 TA, dimana GSA2 merupakan perjanjian antara Premier Oil dengan SembCorp Gas Pte Ltd ("SembGas"). Grup PSC telah mendapat izin dari SembGas untuk menggunakan Jalur SembGas untuk pengangkutan gas GSA2 dan dalam kapasitasnya sebagai anggota JV WNTS, mendapatkan izin penggunaan Fasilitas Penerima yang memungkinkan pengantaran gas GSA2 pada titik penyerahan.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xvi. Joint Operating Agreement of Medco E & P Natuna Ltd (continued)

On January 15, 1999, ConocoPhillips Indonesia Inc Ltd (now known as Medco E & P Natuna Ltd., "MEPN"), Premier Oil Natuna Sea Limited (now known as Premier Oil Natuna Sea B.V., "Premier Oil") and Gulf Resources (Kakap) Ltd (now known as Star Energy (Kakap) Ltd., "Star Energy") as "PSC Group" with the consent and concurrence of Pertamina, entered into West Natuna Transportation System Joint Venture ("WNTS JV") Agreement. The PSC Group wish to provide for the ownership construction and operation of the West Natuna Pipeline System, SembGas Line and the Receiving Facilities also to use the System for the transporting and/or redelivery of Gas other than pursuant to the Gas Sales Agreement (between Pertamina and SembCorp Gas Pte Ltd). This agreement shall remain in full force and full effect until all the PSC group, each in its capacity as a member of the WNTS JV Group, have withdrawn from this agreement.

On October 31, 2008, MEPN, Star Energy and Premier Oil (The "PSC Group") together with the consent and concurrence of BPMIGAS (now SKK Migas) entered into GSA2 Transportation Agreement or The GSA2 TA, GSA2 shall mean the Agreement between Premier Oil and SembCorp Gas Pte Ltd ("SembGas"). The PSC Group has been granted by SembGas the right to use the SembGas Line for transportation of Gas for delivery under GSA2 and has granted in favor of the WNTS JV Group a license of the Receiving Facilities to enable the delivery of GSA2 gas at delivery point.

47. KONTRAK, PERJANJIAN DAN IKATAN YANG SIGNIFIKAN (lanjutan)

c. Perjanjian Lain-lain (lanjutan)

xvi. Perjanjian Operasi Bersama Medco E & P Natuna Ltd (lanjutan)

Sesuai dengan haknya sebagai anggota JV WNTS, Grup PSC memiliki hak untuk menggunakan sistem pengangkutan dan/ atau penyerahan gas selain dari WNG Gas (Perjanjian antara anggota JV WNTS), dan dengan ini menyetujui untuk menyediakan jasa pengangkutan gas kepada Kelompok Penyedia GSA2. Perjanjian ini berakhir pada tanggal 14 Juli 2028.

xvii. Pemanfaatan Gas Bumi dari PSC Blok A

Pada tanggal 30 Juli 2018, PT Medco E & P Malaka, Entitas Anak, menerima surat dari Kementrian Energi dan Sumber Daya Mineral tertanggal 26 Juli 2018 perihal Pemanfaatan Gas Bumi dari PSC Blok A dan harga gas terkait. Pada tanggal 26 Oktober 2018, Grup mengirimkan tanggapan resmi yang menyatakan bahwa Grup memiliki beberapa keberatan atas isi dari surat tersebut. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, Grup belum menerima tanggapan apapun.

xviii. *Withdrawal* PT Medco CBM Pendopo

Pada tanggal 30 November 2018, PT Medco CBM Pendopo menandatangani *Withdrawal and Assignment Agreement* dengan Dart Energy (Muralim) Pte. Ltd di mana PT Medco CBM Pendopo bermaksud untuk keluar dari GMB Blok Muralim.

47. SIGNIFICANT CONTRACTS, AGREEMENTS AND COMMITMENTS (continued)

c. Other Agreements (continued)

xvi. Joint Operating Agreement of Medco E & P Natuna Ltd (continued)

Pursuant to their right under the WNTS JV agreement, PSC Group has the right to use the System for the transportation and/or delivery of Gas other than WNG Gas (Agreement between WNTS JV Parties), and agrees to provide gas transportation services to the GSA2 Supply Group. This agreement shall end on July 14, 2028.

xvii. Utilization of Natural Gas from PSC Block A

On July 30, 2018, PT Medco E & P Malaka, a Subsidiary, received a letter from the Ministry of Energy and Mineral Resources dated July 26, 2018 regarding the Utilization of Natural Gas from PSC Block A and the related gas price. On October 26, 2018, the Group sent a formal response letter in which the Group objected some of the content of the aforementioned letter. Up to the completion date of the of the consolidated financial statements, the Group has not received any response.

xviii. Withdrawal PT Medco CBM Pendopo

On November 30, 2018, PT Medco CBM Pendopo signed a Withdrawal and Assignment Agreement with Dart Energy (Muralim) Pte. Ltd whereby PT Medco CBM Pendopo intended to withdraw from GMB Muralim Block.

48. KONTINJENSI

a. Litigasi

i. Gugatan Hukum Perdata dari Oilex (West Kampar) Limited atas dasar Perbuatan Melawan Hukum

Pada tanggal 27 Mei 2015, Oilex (West Kampar) Limited (Penggugat) mengajukan gugatan perdata kepada 49 Tergugat termasuk PT Medco E & P Indonesia dan PT Asia Bumi Petroleo (Turut Tergugat) di Pengadilan Negeri Jakarta Pusat.

Penggugat mengklaim bahwa Para Tergugat telah melakukan perbuatan melawan hukum terhadap Putusan Pengadilan Niaga pada Pengadilan Negeri Jakarta Pusat No. 42/Pdt.Sus/PKPU/2014/PN.Niaga tertanggal 1 September 2014. Penggugat menuntut Para Tergugat untuk membayar ganti rugi secara tanggung renteng sebesar AS$23.331.394,33.

Dalam putusan Majelis Hakim Pengadilan Negeri Jakarta Pusat No. 235/Pdt.G/2015/PN.JKT.PST tanggal 12 Mei 2016, telah diputuskan bahwa Pengadilan Negeri Jakarta Pusat mengabulkan eksepsi beberapa Tergugat, menghukum Penggugat untuk membayar seluruh biaya yang timbul atas perkara tersebut sebesar Rp25.016.000 dan Pengadilan Negeri Jakarta Pusat tidak memiliki kewenangan untuk mengadili perkara dikarenakan sengketa perkara ini adalah sengketa dalam ranah pengadilan niaga yang kewenangan mengadilinya berada pada Pengadilan Niaga ("Putusan PN").

Atas putusan tersebut Oilex (West Kampar) Limited mengajukan banding kepada Pengadilan Tinggi Jakarta. Dalam putusan banding No. 680/PDT/2016/PT DKI, Majelis Hakim Pengadilan Tinggi Jakarta menguatkan Putusan PN terdahulu dan menghukum Penggugat untuk membayar biaya perkara dalam kedua tingkat pengadilan sebesar Rp150.000. Terkait kasus ini, Grup sudah menerima Salinan putusan dari Pengadilan Tinggi Jakarta.

48. CONTINGENCIES

a. Litigations

i. Civil Lawsuit of Oilex (West Kampar) Limited on the basis of Unlawful Acts

On May 27, 2015, the lawsuit submitted by Oilex (West Kampar) Limited (Plaintiff) was filed against 49 Defendants including PT Medco E & P Indonesia and PT Asia Bumi Petroleo (Co-Defendant) at the Central Jakarta District Court.

Plaintiff claimed that the Defendants have committed an unlawful act against the Decision of the Commercial Court in the Central Jakarta District Court No. 42/Pdt.Sus/PKPU/2014/PN.Niaga dated September 1, 2014. The Plaintiff was claiming the Defendants to pay jointly a compensation of US$23,331,394.33.

In the decision of the panel of judges of the Central Jakarta District Court No. 235/Pdt.G/2015/PN.JKT.PST dated May 12, 2016, it has been decided that the Central Jakarta District Court has accepted exceptions' some Defendants, punished the Plaintiff to pay all costs arising from the case amounting Rp25,016,000 and Central Jakarta District Court did not have jurisdiction to examine the case because this claim is in the realm of the Commercial Court ("District Court Award").

With such decision, Oilex (West Kampar) Limited appealed the claim to the Jakarta High Court. The panel of the of judges in Jakarta High Court strengthened the District Court Award through the High Court Award No. 680/PDT/2016/PT DKI and punished the Plaintiff to pay the second level court fees amounting to Rp150,000. Regarding this case, the Group has received a copy of the decision from the Jakarta High Court.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

ii. Gugatan Hukum dengan Prawito Tien

Prawito Tien selaku kurator dari PT Saptasarana Personaprima (Sapta) yang telah dinyatakan pailit, mengajukan gugatan terhadap Conoco Philips (Ramba) Ltd ("CPRL") di Pengadilan Negeri Jakarta Pusat ("Pengadilan") terkait dengan pengakhiran kontrak *drilling* antara CPRL dengan Sapta. Berdasarkan putusan akhir Makhamah Agung, CPRL dijatuhi hukuman untuk membayar tuntutan sebesar AS$27 juta. Pada saat proses pengadilan, CPRL telah dijual kepada Elnusa Tristar Ramba Ltd. Pengadilan memutuskan untuk melakukan pemblokiran atas rekening Conoco Phillips Inc Ltd ("CIIL") sebagai eksekusi dari putusan terakhir. Sebagai pihak tidak berkaitan dengan kasus ini, CIIL pun mengajukan keberatan kepada pengadilan pada tanggal 14 Juli 2015. Pada tanggal 28 Juli 2016, pengadilan menolak keberatan dari CIIL dan memutuskan bahwa CPRL dan CIIL adalah entitas yang sama. Pada tanggal 25 Oktober 2016, CIIL mengajukan nota banding sebagai tanggapan atas putusan pengadilan.

Pada tanggal 4 September 2017, CIIL telah menerima pemberitahuan bahwa Pengadilan Tinggi telah menguatkan keputusan Pengadilan. Oleh karena itu pada tanggal 28 September 2017, CIIL mengajukan memorandum kasasi atas putusan banding ke Mahkamah Agung. Dikarenakan proses litigasi terjadi sebelum akuisisi CIIL oleh Grup, proses litigasi diambil oleh ConocoPhillips. Sebagai bagian dari perjanjian penjualan ConocoPhillips Holding Limited membebaskan CIIL dari kasus tersebut.

48. CONTINGENCIES (continued)

a. Litigations (continued)

ii. Legal Claim of PrawitoTien

Prawito Tien as the curator of PT Saptasarana Personaprima (Sapta) who has been declared bankrupt, sued Conoco Phillips (Ramba) Ltd. ("CPRL") at Central Jakarta District Court ("Court") associated with contract termination between CPRL and Sapta. Based on the final decision from the Supreme Court over this case, the Court punished CPRL to pay Prawito Tien's claim for US$27 million. CPRL has been sold to Elnusa Tristar Ramba Ltd during the court process. The court blocked Conoco Phillips Inc Ltd ("CIIL") bank account as the execution of the final decision on the case. Since CIIL is not the party to the case, CIIL submitted a rebuttal to the court on July 14, 2015. On July 28, 2016, the Court denied CIIL's third party rebuttal and made a conclusion that CPRL and CIIL are the same entity. On October 25, 2016, CIIL has submitted the memorandum of appeal to the court decision.

On September 4, 2017, CIIL has received a letter informing that the High Court restated the decision of the District Court. However, on September 28, 2017, CIIL has filed memorandum of cassation to the Supreme Court. Since the litigation proceeding specified above occurred prior to the acquisition of CIIL by the Group, the litigation process is assumed by ConocoPhillips. As part of the sales agreement, ConocoPhillips Holding Limited absolved CIIL from this case.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

iii. Arbitrase dengan Dahyar Kiatmaja

Dahyar Kiatmaja ("DK") adalah mantan karyawan CIIL yang telah melakukan pelanggaran terkait "*Company Collective Labor Agreement*". Pada saat pemutusan hubungan kerja, DK masih memiliki kewajiban kompensasi terhadap CIIL sebesar Rp375.313.440 terkait pinjaman kepemilikan rumah dan DK menolak melakukan pembayaran tersebut. Pada tanggal 26 September 2016 CIIL melakukan arbitrase melalui Badan Arbitrase Nasional Indonesia ("BANI") untuk melawan DK. Pada tanggal 23 Oktober 2017 BANI mengeluarkan putusan yang memihak pada CIIL.

DK mengajukan gugatan pembatalan putusan BANI di Pengadilan Negeri Jakarta Selatan. DK mengklaim bahwa putusan BANI harus dibatalkan karena proses arbitrase tidak dilakukan dalam Bahasa Inggris seperti yang ditentukan di dalam Perjanjian Pinjaman dan Perjanjian Pinjaman tidak sah karena ketentuan di dalam perjanjian tersebut diubah tanpa persetujuan DK. Sidang gugatan pembatalan telah berjalan dan Pengadilan Negeri Jakarta Selatan telah mengeluarkan putusan yang menyatakan bahwa Pengadilan Negeri Jakarta Selatan tidak berwenang untuk mengadili gugatan DK dan menghukum DK untuk membayar biaya perkara.

Dikarenakan proses litigasi terjadi sebelum akuisisi CIIL oleh Grup, proses litigasi diambil oleh ConocoPhillips. Sebagai bagian dari perjanjian penjualan ConocoPhillips Holding Limited membebaskan CIIL dari kasus tersebut.

48. CONTINGENCIES (continued)

a. Litigations (continued)

iii. Arbitration against Dahyar Kiatmaja

Dahyar Kiatmaja ("DK") was former CIIL employee who was laid off due to violation of the "Company Collective Labor Agreement". At the time of termination, DK still has pending compensation obligation to CIIL in the amount of Rp375,313,440 related to the housing loan and DK rejected to pay such amount. On September 26, 2016, CIIL submitted arbitration claim through the Indonesia National Board of Arbitration ("BANI") against DK. On October 23, 2017, BANI issued its decision in CIIL's favor.

DK filed a lawsuit for the cancellation of the verdict of BANI in the South Jakarta District Court. DK claims that BANI's verdict must be declared void as the arbitration process was not conducted in English as stipulated in the Loan Agreement and the Loan Agreement is not valid due to an amendment provision without DK's consent. Hearing has been conducted and the South Jakarta District Court has issued a verdict stating that the South Jakarta District Court has no competency to prosecute DK's lawsuit and ordered DK to pay the court fee.

Since the litigation proceeding specified above occurred prior to the acquisition of CIIL by the Group, the litigation process is assumed by ConocoPhillips. As part of the sales agreement, ConocoPhillips Holding Limited absolved CIIL from this case.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

iv. Arbitrase terhadap CE Hammamet Ltd. ("CE Hammamet")

Pada tanggal 17 Maret 2016, Perusahaan melalui entitas anak yang dimiliki sepenuhnya, Medco Ventures International (Barbados) Ltd ("MVI"), bersama partner DNO Tunisia AS ("DNO") (MVI dan DNO sebagai "Penggugat") mengirimkan Surat Pemberitahuan Arbitrase kepada CE Hammamet ("Responden"), salah satu rekanan di Blok Hammamet, untuk membayar biaya pemenuhan *Minimum Work Obligation* ("MWO") atas komitmen dalam *Joint Operating Agreement* eksplorasi berupa satu sumur eksplorasi pada Blok Hammamet, dimana CE Hammamet bermaksud untuk mundur sebagai rekanan. Permintaan untuk arbitrasi sudah diajukan di Pengadilan Arbitrase Internasional London ("LCIA" atau "Pengadilan Arbitrase").

Pada tanggal 22 April 2016, CE Hammamet mengirimkan surat jawaban atas pemberitahuan arbitrase tersebut.

Pada tanggal 8 Desember 2016, Penggugat dan Responden mencapai kesepakatan penyelesaian yang dituangkan dalam *Deed of Settlement* ("DOS"). Cooper Energy Limited sebagai entitas induk dari CE Hammamet telah menerbitkan garansi dan ganti rugi yang menguntungkan pihak Penggugat. Pada tanggal yang sama, semua pihak memberikan informasi kepada majelis arbitrase bahwa dokumen penyelesaian telah dieksekusi. Semua pihak telah sepakat bahwa untuk kepentingan terbaik masing-masing pihak untuk menyelesaikan klaim pada arbitrase. Hasilnya, Majelis Arbitrase memutuskan untuk tetap melakukan arbitrase, dimana periode arbitrase telah diperpanjang menjadi 31 Desember 2018 (sebelumnya sampai dengan 6 April 2018).

48. CONTINGENCIES (continued)

a. Litigations (continued)

iv. Arbitration against CE Hammamet Ltd. ("CE Hammamet")

On March 17, 2016, the Company through its wholly-owned subsidiary, Medco Ventures International (Barbados) Ltd ("MVI"), together with partner DNO Tunisia AS ("DNO") (both MVI and DNO as "Claimants") served a Notice of Arbitration to CE Hammamet ("Respondent"), one of the partners in Hammamet Block, to pay its share of the Minimum Work Obligation ("MWO") of one exploration well as a commitment under the Joint Operating Agreement in the Hammamet Block, from which CE Hammamet purported to withdraw. The request for arbitration was filed in the London Court of International Arbitration ("LCIA" or "Arbitration Tribunal").

On April 22, 2016, CE Hammamet has submitted a response to the arbitration notice.

On December 8, 2016, the Claimants and the Respondent entered into a settlement agreement as set forth in the Deed of Settlement ("DOS"). Further, Cooper Energy Limited as the parent company of CE Hammamet has issued a guarantee and indemnity in favour of the Claimants. On the same date, all parties informed the Arbitration Tribunal that the settlement documents had been executed. The parties have determined that it is in their respective best interests to compromise and settle the claims in the arbitration. As a result, the Arbitration Tribunal granted a stay of the arbitration, whereby the standstill period of arbitration has been extended to December 31, 2018 (previously until April 6, 2018).

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

iv. Arbitrase terhadap CE Hammamet Ltd. ("CE Hammamet") (lanjutan)

Berdasarkan dokumen penyelesaian, semua pihak setuju bahwa Penggugat berhak untuk bernegosiasi dengan pemerintah Tunisia untuk menentukan nilai denda yang harus dibayar oleh Penggugat bila MWO tidak dipenuhi; dan ketika denda telah ditentukan oleh pemerintah Tunisia, Cooper sebagai entitas induk CE Hammamet sepakat untuk menanggung 35% porsi denda MWO CE Hammamet, sampai dengan AS$2.887.500. Nilai ini melebihi jumlah denda potensial yang disepakati dalam kontrak Blok Hammamet dan hukum Tunisia yang berlaku sebesar AS$2.275.000.

Berdasarkan kesepakatan tersebut Penggugat dan Responden mengajukan permohonan penghentian proses arbitrase kepada majelis arbitrase pada tanggal 3 Oktober 2018 dan Pengadilan Arbitrase mengabulkan permohonan tersebut secara resmi pada tanggal 16 Oktober 2018.

v. Gugatan Hukum dengan tiga mantan pegawai CIIL

Pada tanggal 28 September 2017, CIIL menerima surat panggilan dari Pengadilan Negeri Jakarta Selatan ("Pengadilan") atas gugatan dari tiga mantan pegawai CIIL ("Penggugat"). Penggugat menuntut CIIL atas perlakuan tidak adil terhadap pembayaran masa kerjanya dan meminta ganti rugi sebesar Rp5.540.559.991.

Pada tanggal 19 Maret 2018, Majelis Hakim telah mengeluarkan dan membacakan putusan sela sehubungan dengan eksepsi terhadap kewenangan memeriksa dan mengadili perkara dari Pengadilan Negeri yang menyatakan menolak eksepsi kewenangan absolut yang diajukan oleh Tergugat dan melanjutkan proses pemeriksaan substansi perkara.

48. CONTINGENCIES (continued)

a. Litigations (continued)

iv. Arbitration against CE Hammamet Ltd. ("CE Hammamet") (continued)

Based on the settlement documents, the parties agreed that the Claimants have discretion to engage in negotiations with the government of Tunisia on the amount of penalty to be paid by the Claimants in the event that the MWO is not satisfied; and once the penalty has been fixed by the government of Tunisia, Cooper as the parent company of CE Hammamet agrees to be liable for CE Hammamet's 35% share of the MWO penalty, subject to a cap of US$2,887,500. This value is in excess of potential penalty value which is set out in the contract for Hammamet Block and prevailing laws of Tunisia which is in the amount of US$2,275,000.

Based on the settlement agreement, the Claimants and the Respondent submitted an application for termination order to the Arbitration Tribunal on October 3, 2018 and which the Arbitration Tribunal officially granted the request on October 16, 2018.

v. Legal Claim of three CIIL ex-employees

On September 28, 2017, CIIL received summons from the South Jakarta District Court ("Court") on the case submitted by three ex-employees of CIIL ("Plaintiffs"). Plaintiffs claimed that they have been treated unfairly by CIIL related to their service year payment and claimed for Rp5,540,559,991 for compensation.

On March 19, 2018, the Panel of Judges has issued and recited the interlocutory verdict in relation to the competency absolute exception of District Court to examine and prosecute the case which rejected such competency absolute exception filed by the Defendant and continued the process of examining the substance of the case.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

v. Gugatan Hukum dengan tiga mantan pegawai CIIL (lanjutan)

Pada tanggal 31 Juli 2018, Penasihat ConocoPhillips menginformasikan bahwa pada hari tersebut Majelis Hakim telah mengeluarkan putusan dimana putusan tersebut tidak berpihak kepada tiga mantan pegawai tersebut. Sampai dengan tanggal 6 September 2018, ketiga mantan karyawan tersebut tidak menyatakan banding dan tenggat waktu 14 hari tersebut telah lewat. Perkara ini dianggap telah selesai dan mengikat secara hukum mengingat pihak lawan tidak memasukan banding.

Dikarenakan pegawai-pegawai tersebut keluar/pensiun sebelum akuisisi CIIL oleh Grup, ConocoPhillips Holding Limited membebaskan CIIL dari kasus tersebut.

vi. Sengketa antara Medco Energi US LLC dengan Department of Interior Office of Natural Resources Revenue ("ONRR")

Pada tanggal 5 Januari 2017, Perusahaan melalui entitas anak yang dimiliki sepenuhnya, Medco Energi US LLC ("MEUS") mengajukan permohonan banding atas permintaan pembayaran dari Department of Interior Office of Natural Resources Revenue ("ONRR") sejumlah AS$384.500, terkait dengan biaya pemeriksaan tahun 2017 untuk instalasi lepas pantai milik MEUS di Teluk Mexico.

Pada tanggal 29 Januari 2018, MEUS menerima permintaan pembayaran terkait biaya pemeriksaan tahun 2018 sejumlah AS$378.000 dari ONRR.

Permohonan banding ke ONRR untuk tahun 2017 dan 2018 (konsolidasian) statusnya masih ditunda dikarenakan Dewan ONRR masih belum mengeluarkan suatu tindakan apapun. Di samping itu, jumlah terutang yang masih tertangguh terkait dengan tagihan pemeriksaan tahunan tersebut, telah dicatat dan diakui seluruhnya di dalam laporan keuangan konsolidasian.

48. CONTINGENCIES (continued)

a. Litigations (continued)

v. Legal Claim of three CIIL ex-employees (continued)

On July 31, 2018, ConocoPhillips Counsel informed that on that day the panel of Judges have made decision and the decision was not in favor to the 3 ex-employees. Until September 6, 2018, the 3 ex–employees did not submit their appeal and the 14 days period to submit such appeal has already elapsed. The case is deemed to be resolved and binding due to the counterpart did not submit an appeal.

As the plaintiffs resigned/retired prior to the acquisition of CIIL by the Group, ConocoPhillips Holding Limited absolved CIIL from this case.

vi. Dispute of Medco Energi US LLC against the Department of Interior Office of Natural Resources Revenue ("ONRR")

On January 5, 2017, the Company through its wholly-owned subsidiary, Medco Energi US LLC ("MEUS") appealed a demand for payment from the Department of Interior Office of Natural Resources Revenue ("ONRR") amounting to US$384,500, relating to 2017 annual inspection fees for the offshore installations of MEUS in the Gulf of Mexico.

On January 29, 2018, MEUS received a Demand for Payment of 2018 annual inspection fees amounting to US$378,000 from the ONRR.

The ONRR appeals for 2017 and 2018 (as consolidated) are still pending due to the ONRR Appeals Board has not taken any action to date. Meanwhile, suspension of the amounts due under the annual inspection invoices, which amounts have been fully recorded and provided for the consolidated financial statements.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

vi. Sengketa antara Medco Energi US LLC dengan Department of Interior Office of Natural Resources Revenue ("ONRR") (lanjutan)

Selanjutnya, pada bulan Februari 2019, MEUS menandatangani penilaian jual beli aset dengan Sanare Energy Partners LLC, mencakup biaya pemeriksaan ONRR di atas (Catatan 54).

vii. Gugatan Hukum Medco US LLC dengan Northstar Offshore Group ("Northstar")

Pada tanggal 31 Januari 2018, Perusahaan melalui entitas anak yang dimiliki sepenuhnya, Medco Energi US LLC ("MEUS") mengajukan klaim biaya administrasi terhadap Northstar atas bagian proporsional mereka atas biaya pembongkaran East Cameron sejumlah AS$1,65 juta yang ditujukan kepada US Bankruptcy Court of Houston Division, di Distrik Texas.

Klaim administratif terhadap Northstar masih berjalan dan diperpanjang hingga 30 September 2019. Dikarenakan besarnya jumlah dari klaim dan minimnya dana di objek kepailitan, kemungkinan penggantian rugi dari klaim tersebut berpeluang rendah.

viii. Klaim Arbitrase dari Essar Oilfields Services Limited

Pada tanggal 23 Januari 2018, Medco E & P Natuna Ltd ("MEPN") menerima pemberitahuan dari Badan Arbitrase Nasional Indonesia (BANI) tertanggal 8 Januari 2018 yang diajukan oleh Essar Oilfields Services Limited (Essar) sebagai Pemohon melalui kuasa hukumnya.

48. CONTINGENCIES (continued)

a. Litigations (continued)

vi. Dispute of Medco Energi US LLC against the Department of Interior Office of Natural Resources Revenue ("ONRR") (continued)

Subsequently, in February 2019, MEUS entered into asset and purchase agreement with Sanare Energy Partners LLC, covering the above mentioned ONRR fees (Note 54).

vii. Legal Claim of Medco Energi US LLC against Northstar Offshore Group ("Northstar")

On January 31, 2018, the Company through its wholly-owned subsidiary, Medco Energi US LLC ("MEUS") filed an administrative expense claim against Northstar for their proportionate share of the East Cameron decommissioning costs amounting to US$1.65 million, in the US Bankruptcy Court of Houston Division, Texas District.

The administrative claim against Northstar is still in process and has been extended until September 30, 2019, due to the size of the claim and the minimal funds in the bankrupt estate. It is unlikely that a substantial recovery will result from the disposition of the claim.

viii. Arbitration Claim of Essar Oilfields Services Limited

On January 23, 2018, Medco E & P Natuna Ltd ("MEPN") received notice from Indonesian National Board of Arbitration (BANI) dated January 8, 2018 filed by Essar Oilfields Services Limited (Essar) as the Claimant through its attorney.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

viii. Klaim Arbitrase dari Essar Oilfields Services Limited (lanjutan)

Sengketa ini muncul dari kontrak *Semi-Submersible Drilling Rig*. MEPN berkontrak pada tahun 2011-2014 dengan konsorsium (i) Essar Oilfield Services Limited dan (ii) PT Harmoni Drilling Services, untuk penggunaan *rig* pengeboran *semi-submersible* Essar Wild Cat untuk operasi pengeboran Blok B. Dalam Klaim Arbitrase tanggal 8 Januari 2018, Pemohon mengindikasikan telah menderita kerugian dan hilangnya keuntungan setara dengan pendapatan yang dapat dihasilkan sebesar AS$15.960.000, ditambah bunga yang akan berjalan pada tingkat 5% per tahun dihitung setiap kuartal.

Pemohon membuat perubahan yang sangat signifikan terhadap Klaim Arbitrase, termasuk nilai dari ganti kerugian sebesar AS$25.650.000, atau alternatif senilai AS$18.240.000, atau alternatif senilai AS$15.960.000. Menurut Termohon, hal ini bertentangan dengan hukum dan ketentuan yang berlaku di Indonesia. Namun demikian Majelis Arbitrase memutuskan untuk menerima perbaikan/ perubahan atas Klaim Arbitrase dan memberikan kesempatan kepada Termohon untuk mengajukan perbaikan Tanggapan atas Klaim Arbitrase.

Berdasarkan perubahan dari nilai Klaim Arbitrase tersebut, Majelis Arbitrase menentukan kepada Pemohon untuk segera membayar tambahan biaya arbitrase kepada BANI dan menentukan kepada Termohon untuk mempersiapkan perbaikan Tanggapan atas Klaim Arbitrase selambat-lambatnya 11 Januari 2019.

48. CONTINGENCIES (continued)

a. Litigations (continued)

viii. Arbitration Claim of Essar Oilfields Services Limited (continued)

The dispute has arisen from a contract of Semi-Submersible Drilling Rig. MEPN has been involved in a contract in the years of 2011-2014 with the consortium of (i) Essar Oilfield Services Limited and (ii) PT Harmoni Drilling Services, for the use of the Essar Wild Cat semi-submersible drilling rig for Block B Drilling operations. In its Arbitration Claim dated January 8, 2018, the Claimant indicates it has suffered loss of profit which it would have enjoyed equivalent to US$15,960,000, with interest which shall accrue at the rate of 5% per annum calculated quarterly.

The Claimant made major/significant changes to its Arbitration Claim, including the amount of damages in the sum of US$25,650,000, alternatively US$18,240,000, alternatively US$15,960,000. The Respondent in opinion, this is contrary to the prevailing laws and regulations in Indonesia. However, the Arbitral Tribunal decided to accept amendment to Arbitration Claim and provide the Respondent with an opportunity to submit amended Response to Arbitration Claim.

Based on the amended and/or changes of the amount of Arbitration Claim, the Arbitration Tribunal has ordered to the Claimant to pay immediately the additional arbitration cost to BANI, and ordered to the Respondent to submit the amended Response to Arbitration Claim until January 11, 2019 at the latest.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

viii. Klaim Arbitrase dari Essar Oilfields Services Limited (lanjutan)

Grup menyatakan bahwa klaim tersebut tidak memiliki dasar hukum, dan waktu dimulainya proses pemeriksaan Perkara masih menunggu proses biaya administrasi terpenuhi. Jika Pemohon tidak memenuhi kewajiban pembayaran bagian Termohon sampai waktu yang dianggap cukup oleh BANI, Pemohon akan dianggap tidak kompeten dan Klaim Arbitrase dapat dibatalkan.

Pada tanggal 11 Januari 2019, Termohon telah memasukan perbaikan Tanggapan dan diinformasikan Pemohon telah melakukan pembayaran atas biaya tambahan arbitrasi BANI. Sampai tanggal penyelesaian laporan keuangan konsolidasian, proses arbitrasi masih berjalan.

Grup berpendapat bahwa gugatan tersebut tidak memiliki dasar hukum yang kuat sehingga tidak ada pencadangan atas gugatan tersebut dalam laporan keuangan konsolidasian.

ix. Gugatan Hukum Samsul Bahri selaku Ketua Kelompok Hareuta Tani ("Hareuta Tani")

Pada tanggal 27 Februari 2018, Samsul Bahri selaku ketua Kelompok Hareuta Tani mengirimkan surat gugatan melalui kuasa hukumnya, diserahkan oleh Pengadilan Negeri Idi ke Kantor PT Medco E & P Malaka ("MEPM") di Idi. Surat gugatan tersebut ditujukan kepada Presiden Direktur MEPM.

Gugatan yang diajukan oleh Kelompok Hareuta Tani terkait dengan permintaan ganti rugi terhadap bibit tanaman sebanyak 85.667 batang/polibag beserta bangunan fisik sarana pendukung yang berlokasi di Desa Blang Nisam, Kecamatan Indra Makmur, Aceh Timur yang dianggap telah dirusak dan dihilangkan oleh MEPM.

48. CONTINGENCIES (continued)

a. Litigations (continued)

viii. Arbitration Claim of Essar Oilfields Services Limited (continued)

The Group states that such claim has no legal basis, and the Case proceeding still awaits completion of the administrative cost process. If the Claimant fails to fulfil the obligation of the Respondent to pay its portion of the cost until a period of time is considered sufficient by BANI, the Claimant will be deemed incompetent and the arbitration claim may be cancelled.

On January 11, 2019, the Respondent has submitted the amended Response, and it was informed that the Claimant has paid the additional arbitration cost to BANI. Up to the completion date of the consolidated financial statements, the arbitration process is still on going.

The Group is in the opinion that such claim does not have strong legal basis, therefore, no provision recognized for this lawsuit in its consolidated financial statements.

ix. Lawsuit from Samsul Bahri as Head of Hareuta Tani ("Hareuta Tani")

On February 27, 2018, Samsul Bahri acting as head of Hareuta Tani Group sent a lawsuit through its attorney which submitted by the Idi District Court to the PT Medco E & P Malaka's ("MEPM") office in Idi. The lawsuit was addressed to President Director of MEPM.

The lawsuit filed by the Hareuta Tani Group is related to the demand for compensation of the plant seeds as much as 85,667 stems/polybag along with the building of supporting facilities located in Blang Nisam Village, Sub-district Indra Makmur, East Aceh, which was deemed to have been tampered with and omitted by MEPM.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

ix. Gugatan Hukum Samsul Bahri selaku Ketua Kelompok Hareuta Tani ("Hareuta Tani") (lanjutan)

Sidang pertama pada tanggal 4 April 2018 dihadiri oleh MEPM yang dimulai dengan rencana pelaksanaan mediasi antara MEPM dengan Kelompok Hareuta Tani. Pada tanggal 16 April 2018, telah dilakukan proses mediasi pertama antara Kelompok Hareuta Tani dengan MEPM. Namun proses mediasi ini gagal dilaksanakan dikarenakan Kelompok Hareuta Tani tetap pada gugatannya. Pada tanggal 21 Mei 2018, MEPM mengajukan eksepsi dan memberikan jawaban atas gugatan yang diajukan. Majelis Hakim Pengadilan Negeri Idi mengeluarkan putusan No.03/PDT.G/2018/PN-IDI tanggal 5 Oktober 2018 yang menyatakan menolak seluruh eksepsi Tergugat, menolak seluruh gugatan Penggugat, dan menghukum Penggugat untuk membayar biaya perkara ini sebesar Rp1.084.000.

Putusan Pengadilan Negeri telah diterima. Kelompok Hareuta Tani mengajukan banding ke Pengadilan Tinggi. Memori Banding diterima pada 22 Desember 2018. MEPM telah mengajukan Memorandum Kontra Banding pada tanggal 21 Januari 2019.

Grup berpendapat bahwa gugatan tersebut tidak memiliki dasar hukum yang kuat walaupun sekarang berada di tingkat banding Pengadilan Tinggi Banda Aceh, sehingga tidak ada pencadangan atas gugatan tersebut dalam laporan keuangan konsolidasian.

48. CONTINGENCIES (continued)

a. Litigations (continued)

ix. Lawsuit from Samsul Bahri as Head of Hareuta Tani ("Hareuta Tani") (continued)

The first hearing was held on April 4, 2018 which was attended by MEPM and commenced with a mediation plan between MEPM with Hareuta Tani Group. On April 16, 2018, Hareuta Tani Group and MEPM have done the first mediation. However, the mediation failed since the Hareuta Tani Group still standing on their lawsuit. On May 21, 2018, MEPM requested exceptions and answered the lawsuit that has been filled by the plaintiff. The panel of judges of Idi District Court issued civil verdict No.03/PDT.G/2018/PN-IDI dated October 5, 2018 to reject all Defendant's exceptions, rejected all Plaintiff's claims, and punished the Plaintiff to pay the court fee amounted to Rp1,084,000.

District Court verdict has been received. Hareuta Tani Group submitted an appeal to High Court. The Appeal Memorandum was received on December 22, 2018. MEPM have submitted Contra Memorandum Appeal on January 21, 2019.

The Group is in the opinion that such claim does not have strong legal basis even though it is now at appeal of Banda Aceh High Court, therefore, no provision recognized for this lawsuit in its consolidated financial statements.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

x. Gugatan Hukum Khairil Anwar dengan PT Medco E & P Malaka ("MEPM")

Pada tanggal 28 Agustus 2018, Khairil Anwar (Penggugat) melalui kuasa hukumnya mengajukan gugatan terhadap MEPM (Tergugat I) dan SKK Migas (Tergugat II) kepada Pengadilan Negeri Jakarta Selatan. Gugatan yang diajukan oleh Khairil Anwar terkait dengan permintaan ganti rugi atas pembangunan gorong-gorong yang menyebabkan air/ cairan kotor/ limbah terkait pembangunan fasilitas pengelolaan gas Blok A mengarah langsung ke lahan Penggugat yang terletak di Dusun TB.IV, Desa Gempong Blang Nisam, Kecamatan Indra Makmur, Aceh Timur, yang mengakibatkan kerusakan tanah serta tanaman Penggugat.

Mediasi gagal dan Penggugat mengharapkan kompensasi yang lebih tinggi. Para pihak melanjutkan ke proses perkara. Majelis Hakim telah memutuskan putusan sela tanggal 13 Februari 2019, menolak Pengecualian Kompetensi Relatif yang diajukan oleh Tergugat II, di mana Pengadilan Negeri Jakarta Selatan memiliki wewenang untuk menangani kasus ini. Pengajuan bukti dari Penggugat telah dilakukan pada hari tanggal 27 Februari 2019.

Grup berpendapat bahwa gugatan tersebut tidak memiliki dasar hukum yang kuat, dan masih dalam proses persidangan, sehingga tidak ada pencadangan atas gugatan tersebut dalam laporan keuangan konsolidasian.

48. CONTINGENCIES (continued)

a. Litigations (continued)

x. Lawsuit from Khairil Anwar Against PT Medco E & P Malaka ("MEPM")

On August 28, 2018, Khairil Anwar (Plaintiff), through his attorney filed a lawsuit against MEPM (Defendant I) and SKK Migas (Defendant II) to South Jakarta District Court. The lawsuit filed by Khairil Anwar is related to the demand for compensation for construction of tunnel which leads the water/ dirty liquid/ waste from construction of gas production facilities of Block A directly to the Plaintiff's land in DusunTB.IV, Gempong Blang Nisam Village, Sub-district Indra Makmur, East Aceh, resulting in damages to Plaintiff's land and plants.

The mediation failed and the Plaintiff expected higher compensation. The parties continued to the case proceeding. The panel of Judges had made a decision on the interlocutory verdict dated February 13, 2019, rejecting the Relative Competence Exception submitted by Defendant II, where the South Jakarta District Court has the authority to handle this case. The submission of evidence from the Plaintiff has been done on February 27, 2019.

The Group is in the opinion that such lawsuit does not have strong legal basis, and still in the trial process, therefore, the no provision recognized for this lawsuit in its consolidated financial statements.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

xi. Klaim Arbitrase dari Bamber Navigation Inc

Pada 4 September 2018, Bamber Navigation Inc. (Pemohon) telah mengajukan permohonan arbitrase kepada Medco E&P Natuna Ltd ("MEPN") di London Court International Arbitration (LCIA). Perselisihan timbul dari kontrak *Time Charter Party* (Kontrak) antara MEPN dengan Pemohon dan PT Tasikmadu sebagai agen. MEPN telah terlibat dalam Kontrak sejak tahun 1992, dan pada tahun 2017 MEPN telah memutuskan untuk tidak memperpanjang Kontrak lebih lanjut pada tahun 2018. Awal perselisihan terkait dengan interpretasi Kontrak mengenai kepemilikan Turret dan kewajiban Pembersihan Tangki. Dari sudut pandang MEPN, sesuai ketentuan Kontrak, Turret adalah milik Kontraktor, dan karena MEPN mengembalikan Kapal dalam kondisi "*as is*", sesuai ketentuan Kontrak, MEPN tidak berkewajiban untuk melakukan Pembersihan Tangki.

Karena sifat dan arbitrase internasional, khususnya di bawah Peraturan LCIA, sidang prosedural dilakukan pada tanggal 5 Desember 2018 dan Pengadilan (arbiter tunggal) telah menyetujui pengajuan permohonan dilakukan dengan metode Memorial. Pada tanggal 4 Februari 2019 Pemohon telah menyerahkan pernyataan memorialnya dan menyatakan klaim dalam jumlah AS$4,3 juta ditambah kerugian tidak material. MEPN dijadwalkan menyerahkan permohonannya pada tanggal 1 April 2019.

Grup menyatakan bahwa klaim tersebut tidak memiliki dasar hukum, dan proses arbitrase masih dalam tahap awal sehingga tidak ada pencadangan atas gugatan tersebut pada laporan keuangan konsolidasian.

48. CONTINGENCIES (continued)

a. Litigations (continued)

xi. Arbitration Claim of Bamber Navigation Inc

On September 4, 2018, Bamber Navigation Inc (Claimant) has filed an arbitration notice to Medco E&P Natuna Ltd ("MEPN") in London Court International Arbitration (LCIA). The dispute has arisen from a contract of Time Charter Party (the Contract) between MEPN and Claimant together with its agent namely PT Tasikmadu. MEPN has been involved in a Contract since 1992, and in 2017, MEPN has decided not to extend the Contract further in 2018. The dispute originated on the interpretation of the Contract related to the Turret ownership and the Tank Cleaning obligation. From the MEPN's point of view, as per Contract provisions, the Turret belongs to the Contractor, and due to MEPN return the Vessel in "as is" condition, as per Contract provisions, MEPN is not obligated to perform the Tank Cleaning.

Due to the nature of international arbitration, particularly under LCIA Rules, a procedural hearing was conducted on December 5, 2018 and the Tribunal (sole arbiter) has agreed on a case Memorial submission. On February 4, 2019, Claimant has submitted its memorial statement and stated the claim in the amount of US$ 4.3 million plus immaterial losses. MEPN is expected to submit its memorial statement on April 1, 2019.

The Group states that such claim has no legal basis, and the arbitration proceeding is still in the early stage, therefore no provision has been made for this lawsuit in the consolidated financial statements.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

xii. Peninjauan kembali dari Hi. Suparto atas Putusan Kasasi Mahkamah Agung

Pada tanggal 19 Januari 2016, Hi. Suparto ("Penggugat") menggugat enam Tergugat termasuk JOB Pertamina - Medco E & P Tomori Sulawesi ("Tergugat") di Pengadilan Negeri Luwuk.

Penggugat mengklaim bahwa para Tergugat telah melakukan perbuatan melawan hukum karena telah menjual tanah yang menurut Penggugat adalah miliknya. Penggugat menuntut para Tergugat untuk membayar ganti rugi secara tanggung renteng sebesar Rp16.555.500.000.

Dalam Putusan Pengadilan Negeri Luwuk No. 36/PDT.G/2014/PN.LWK., tanggal 28 Mei 2015, telah diputuskan mengabulkan gugatan Penggugat untuk sebagian dan menyatakan tanah yang terletak di Desa Paisubololi, Kec. Batui Selatan, Kab, Banggai seluas ± 36.790 m2 adalah tanah milik Penggugat.

Tergugat selanjutnya mengajukan upaya hukum Banding ke Pengadilan Tinggi Sulawesi Tengah dan dalam Putusan Pengadilan Tinggi Sulawesi Tengah No. 79/PDT/2015/PT.PAL, tanggal 2 Desember 2015, telah diputuskan menguatkan putusan Putusan Pengadilan Negeri Luwuk No. 36/PDT.G/2014/PN.LWK., tanggal 28 Mei 2015.

Tergugat selanjutnya mengajukan upaya hukum Kasasi ke Mahkamah Agung Republik Indonesia dan dalam putusan Mahkamah Agung Republik Indonesia No. 3660K/PDT/2016 tanggal 22 Februari 2017, telah diputuskan bahwa Mahkamah Agung menolak seluruh gugatan dari Penggugat.

48. CONTINGENCIES (continued)

a. Litigations (continued)

xii. *Reconsideration of Hi. Suparto on the Cassation Decision of the Supreme Court*

On January 19, 2016, Hi. Suparto ("Plaintiff") filed a lawsuit against 6 (six) Defendants including JOB Pertamina - Medco E & P Tomori Sulawesi ("Defendant") at the Luwuk District Court.

The Plaintiff claimed that the Defendants have committed an unlawful act due to sell land which in the Plaintiff's opinion it is his land. The Plaintiff was claiming the Defendants to pay jointly a compensation of Rp16,555,500,000.

In Luwuk District Court Decision No. 36/PDT.G/2014/PN.LWK, dated May 28, 2015, it has been decided to accept the Plaintiff's claim in part and declare the land located in the Village of Paisubololi, District of Batui Selatan, Regency of Banggai with an area of ± 36,790 sqm is the land owned by the Plaintiff.

The Defendant subsequently filed an appeal to the High Court of Central Sulawesi and in the High Court of Central Sulawesi Decision No. 79/PDT/2015/PT.PAL dated December 2, 2015, it has been decided to reinforce the decision of Luwuk District Court No. 36/PDT.G/2014/PN.LWK dated May 28, 2015.

The Defendant subsequently filed an appeal against the Supreme Court of the Republic of Indonesia and in the decision of the panel of judges of the Supreme Court No. 3660K/PDT/2016 dated February 22, 2017, it has been decided that the Supreme Court rejected all claims of the Plaintiff.

48. KONTINJENSI (lanjutan)

a. Litigasi (lanjutan)

xii. Peninjauan kembali dari Hi. Suparto atas Putusan Kasasi Mahkamah Agung (lanjutan)

Penggugat mengajukan Peninjauan Kembali dengan No. 878/PK/PDT/2018 atas Putusan Kasasi Mahkamah Agung Republik Indonesia di atas. Pada tanggal 23 Januari 2019, Mahkamah Agung telah menolak Peninjauan Kembali tersebut. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, Grup masih menunggu salinan putusan dari Mahkamah Agung terkait dengan kasus ini.

Grup berpendapat bahwa gugatan tersebut tidak memiliki dasar hukum yang kuat, sehingga tidak ada pencadangan atas gugatan tersebut dalam laporan keuangan konsolidasian.

xiii. Gugatan Hukum dari Aries Poobos atas dasar Perbuatan Melawan Hukum

Pada tanggal 5 Juli 2018, Aries Poobos ("Penggugat") mengajukan gugatan kepada 3 (tiga) Tergugat termasuk JOB Pertamina - Medco E & P Tomori Sulawesi ("Tergugat") di Pengadilan Negeri Luwuk.

Penggugat mengklaim bahwa para Tergugat telah melakukan perbuatan melawan hukum karena telah menguasai dan menggusur hak milik tanah Penggugat. Penggugat menuntut para Tergugat untuk membayar ganti rugi sebesar Rp3.750.000.000. Pada tanggal 26 Februari 2019, Majelis Hakim Pengadilan Negeri Luwuk telah menolak gugatan yang diajukan oleh Penggugat. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, Grup masih menunggu salinan putusan dari Pengadilan Negeri Luwuk terkait dengan kasus ini dan Penggugat belum mengajukan banding atas putusan tersebut.

Grup berpendapat bahwa gugatan tersebut tidak memiliki dasar hukum yang kuat, sehingga, tidak ada pencadangan atas gugatan tersebut dalam laporan keuangan konsolidasian.

48. CONTINGENCIES (continued)

a. Litigations (continued)

xii. *Reconsideration of Hi. Suparto on the Cassation Decision of the Supreme Court (continued)*

The Plaintiff submitted a Reconsideration No. 878/PK/PDT/2018 on Cassation Decision of the Supreme Court of the Republic of Indonesia. On January 23, 2019, Supreme Court has rejected the application of the reconsideration. As of the completion date of these consolidated financial statements, Group still awaits a copy of Supreme Court decision with regards with such matters.

The Group is of the opinion that the lawsuit does not have strong legal ground, hence there is no provision for the lawsuit in the consolidated financial statements.

xiii. Lawsuit of Aries Poobos on the basis of Unlawful Acts

On July 5, 2018, Aries Poobos ("Plaintiff") filed a lawsuit against 3 (three) Defendants including JOB Pertamina - Medco E & P Tomori Sulawesi ("Defendant") at the Luwuk District Court.

The Plaintiff claimed that the Defendants have committed an unlawful act due to controlling and evicting the Plaintiff's land rights. The Plaintiff was claiming the Defendants to pay jointly a compensation in the amount of Rp3,750,000,000. On February 26, 2019, the Panel of Judges at Luwuk Distict Court has rejected the lawsuit by the Plaintiff. As of the completion date of these consolidated financial statements, Group still awaits a copy of Luwuk District Court decision with regards with such matters and the Plaintiff has not filed an appeal upon the decision.

The Group is of the opinion that the lawsuit does not have strong legal ground, hence, there is no provision for the lawsuit in the consolidated financial statements.

48. KONTINJENSI (lanjutan)

b. Klaim dari Audit oleh Pemerintah dan Mitra Operasi Bersama

Sehubungan dengan kegiatan eksplorasi dan produksi minyak dan gas bumi, Pemerintah dan mitra operasi bersama secara periodik melakukan audit atas kegiatan Grup tersebut. Klaim yang timbul dari audit tersebut dapat disetujui oleh manajemen dan diakui di dalam pencatatan, atau tidak disetujui oleh manajemen.

Resolusi atas klaim yang tidak disetujui dapat memerlukan waktu pembahasan yang lama hingga beberapa tahun. Pada tanggal 31 Desember 2018, atas temuan audit Pemerintah yang belum selesai terhadap klaim yang sebagian besar terkait dengan biaya yang tidak dapat di *cost recovery* dari tahun 2010, 2012, 2013, 2016 dan 2017. Manajemen yakin bahwa Grup memiliki posisi kuat dalam menghadapi tuntutan oleh karena itu tidak terdapat provisi yang dicadangkan atas klaim yang ada.

c. Kewajiban kepada Pihak Penjamin

Medco Energi US LLC (MEUS) secara kontinjen berkewajiban kepada perusahaan asuransi penjamin, dengan jumlah keseluruhan sebesar AS$13.786.700 pada tanggal 31 Desember 2018 berkaitan dengan penerbitan obligasi atas nama MEUS kepada *The United States Bureau of Ocean Energy Management* (BOEM) dan kepada pihak ketiga dimana aset minyak dan gas bumi dibeli. Obligasi tersebut adalah jaminan pihak ketiga dari perusahaan asuransi penjamin bahwa MEUS akan beroperasi sesuai dengan aturan dan ketentuan yang diterapkan dan akan melakukan kewajiban *Plugging and Abandonment* seperti disebut dalam perjanjian pembelian dan penjualan. Pada tanggal penyelesaian laporan keuangan konsolidasian, Sanare Energy Partners, LLC sebagai pembeli dari Blok Main Pass 64 dan 65 telah melakukan penggantian kewajiban MEUS atas obligasi tersebut kepada pihak penjamin dan saat ini sedang dalam proses perubahan secara administratif di *The United States Bureau of Ocean Energy Management* (BOEM).

48. CONTINGENCIES (continued)

b. Government and Joint Operations Audit Claims

In relation with its oil and gas exploration and production activities, the Group is subject to periodic audits by governmental agencies and joint operations partners. Claims arising from these audits are either agreed by management and recorded in the accounting records, or are disputed.

Resolution of disputed claims may require a lengthy negotiation process extending over a number of years. As of December 31, 2018, the outstanding Government audit findings, mainly relates to cost not eligible for cost recovery for the years 2010, 2012, 2013, 2016 and 2017. Management believes that the Group has strong position against these claims, and therefore, no provisions have been made for these claims.

c. Surety Obligations

Medco Energi US LLC (MEUS) is contingently liable to a surety insurance company in the aggregate amount of US$13,786,700 as of December 31, 2018 relative to bonds issued on MEUS's behalf to The United States Bureau of Ocean Energy Management (BOEM) and certain third parties from whom oil and gas properties were purchased. The bonds are third party guarantees by the surety insurance company that the MEUS will operate in accordance with applicable rules and regulations and perform certain Plugging and as specified by applicable purchase and sale agreements. On the completion date of the consolidated financial statements, Sanare S Energy Partners, LLC as the buyer of Block Main Pass 64 and 65 has replaced MEUS' surety obligations and is currently in the process of being changed administratively in The United States Bureau of Ocean Energy Management (BOEM).

49. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA DAN PROVISI LAIN-LAIN

49. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS AND OTHER PROVISIONS

Mutasi liabilitas pembongkaran aset dan restorasi area adalah sebagai berikut:

The movements in asset abandonment and site restoration obligations are presented below:

	2018	2017	2016	
Indonesia				***Indonesia***
Saldo awal	93.970.280	87.132.686	103.329.695	*Beginning balance*
Akresi selama tahun berjalan	6.035.640	4.484.752	6.043.484	*Accretion during the year*
Akuisisi entitas anak	-	347.897	1.061.883	*Acquisition of subsidiaries*
Reklasifikasi sehubungan dengan klasifikasi dimiliki untuk dijual	-	-	(23.344.946)	*Reclassification in relation to held for sale classification*
Penyesuaian	43.082.359	2.004.945	42.570	*Adjustment*
Saldo akhir	143.088.279	93.970.280	87.132.686	*Ending balance*
Rekening yang dicadangkan	(54.522.470)	(47.077.752)	(43.632.957)	*Escrow accounts*
Saldo akhir - neto	88.565.809	46.892.528	43.499.729	*Ending balance - net*
Amerika Serikat (AS) dan Tunisia				***United States of America (USA) and Tunisia***
Saldo awal	14.703.027	10.967.800	13.127.208	*Beginning balance*
Akresi selama tahun berjalan	405.611	1.322.919	-	*Accretion during the year*
Reklasifikasi sehubungan dengan klasifikasi dimiliki untuk dijual	(15.108.638)	-	-	*Reclassification in relation to held for sale classification*
Penyesuaian	-	2.412.308	(2.159.408)	*Adjustment*
Saldo akhir - neto	-	14.703.027	10.967.800	*Ending balance - net*
Jumlah	**88.565.809**	**61.595.555**	**54.467.529**	***Total***

Estimasi terkini untuk biaya pembongkaran aset dan restorasi area yang ditinggalkan tidak dihitung oleh konsultan independen, tetapi dilakukan oleh pihak manajemen. Manajemen berkeyakinan bahwa akumulasi penyisihan pada tanggal laporan posisi keuangan konsolidasian telah cukup untuk menutup semua liabilitas yang timbul dari kegiatan pembongkaran aset dan restorasi area di masa depan. Estimasi tersebut ditelaah setiap tahun dan disesuaikan bila diperlukan. Kisaran tingkat diskonto yang dipergunakan dalam perhitungan adalah 3,49% - 4,14%.

The current estimates for the asset abandonment and site restoration obligations were determined by management and not by an independent consultant. Management believes that the accumulated provisions as of the dates of the consolidated statements of financial position are sufficient to meet the environmental obligations resulting from future asset abandonment and site restoration. These estimates are reviewed on annual basis and adjusted if required. The range of discount rate used in the calculation is 3.49% - 4.14%.

Rekening yang dicadangkan dan dicantumkan di atas ditempatkan di PT Bank Negara Indonesia (Persero) Tbk dan PT Bank Rakyat Indonesia (Persero) Tbk untuk mendanai liabilitas pembongkaran aset dan restorasi area (ARO) di Indonesia sehubungan dengan operasi minyak dan gas. Rekening yang dicadangkan yang ditempatkan di PT Bank Mandiri (Persero) Tbk akan digunakan untuk mendanai reklamasi area sehubungan dengan operasi pertambangan.

The escrow accounts as mentioned above placed in PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk are for the funding of asset abandonment and site restoration obligations (ARO) relating to oil and gas operations in Indonesia. Escrow accounts placed in PT Bank Mandiri (Persero) Tbk will be used for funding the reclamation area in connection with mining operations.

50. TIMUR TENGAH DAN AFRIKA UTARA

Grup memiliki kontrak kerja sama operasi untuk eksplorasi dan produksi minyak dan gas bumi di Libya, Yaman dan Tunisia serta kontrak jasa minyak dan gas bumi di Oman. Pada awal tahun 2011, kerusuhan berlangsung di Libya dan merambat ke Yaman. Pada tahun 2016, Grup telah mencadangkan penurunan nilai atas aset di Yaman dan Libya masing-masing sebesar AS$2,5 juta dan AS$180 juta.

Pasca kerusuhan yang terjadi di Libya, di tahun yang sama, Grup mulai membuka kembali operasi di sana dengan aktivitas yang masih terbatas. Pada tanggal 31 Desember 2017, Grup mengakui pemulihan cadangan penurunan nilai sebesar AS$99,9 juta atas aset di Libya (Catatan 19). Grup memiliki biaya eksplorasi yang dikapitalisasi sebesar AS$118, 5 juta atau 2,31% dari jumlah aset konsolidasian Grup pada tanggal 31 Desember 2018. Secara substansial, pengeluaran tersebut dikeluarkan untuk kegiatan pengeboran terutama *sub-surface well equipment*, dimana bukan merupakan aset berwujud di atas tanah, yang menghasilkan penemuan hidrokarbon dalam volume yang sangat signifikan pada 10.000 kaki di bawah tanah. Aset tersebut (seperti cadangan hidrokarbon dan *sub-surface well equipment*) secara fisik aman dari kerusuhan sipil.

Di Blok 9 Yaman, aktifitas *pre-commissioning* pada kuartal ke-4 tahun 2018 dengan tujuan memulai kembali produksi pada semester pertama tahun 2019.

50. MIDDLE EAST AND NORTH AFRICA

The Group has oil and gas exploration and production joint operations contracts in Libya, Yemen and Tunisia and an oil and gas service contract in Oman. In early 2011, civil unrests were taking place in Libya, and to a lesser extent in Yemen. In 2016, the Group has recognized the provision for impairment of Yemen and Libya assets which amounted to US$2.5 million and US$180 million, respectively.

After the civil unrest in Libya in the same year, the Group has already resumed its operations with limited activities. As of December 31, 2017, the Group recognized reversal of prior year provision amounting to US$99.9 million for Libya assets (Note 19). The Group has total capitalized exploration expenditures of US$118.5 million or 2.31% of the Group's total consolidated assets as of December 31, 2018. Those expenditures were substantially spent for the drilling activities involving primarily sub-surface well equipment, not in the form of tangible assets on land, that have resulted in the discovery of very significant volume of hydrocarbons that reside about 10,000 feet underground. Therefore, the assets (i.e., the hydrocarbon reserves and the associated sub-surface well equipment) had not been exposed to the disturbances during the civil unrest.

In Yemen Block 9, pre-commissioning activities started in fourth quarter of 2018 with the aim of restarting production in the first semester of 2019.

51. RISIKO OPERASIONAL

Operasi Grup di sektor minyak dan gas bumi terkait dengan bahaya dan risiko bawaan pada saat pengeboran dan produksi dan transportasi atas gas alam dan minyak, seperti kebakaran, bencana alam, ledakan, menghadapi formasi dengan tekanan yang abnormal, semburan liar, ambles, pipa patah dan bocor yang dapat menyebabkan kehilangan hidrokarbon, polusi lingkungan, klaim atas cedera perorangan dan kerusakan lain atas aset tetap Grup. Sebagai tambahan, terdapat aktivitas minyak dan gas bumi tertentu Grup yang dilakukan di wilayah yang menghadapi gangguan cuaca tropis, yang dapat menyebabkan kerusakan yang substansial atas fasilitas dan menghambat produksi.

51. OPERATIONAL RISKS

The Group's operations in the oil and gas sector are subject to hazards and inherent risks in drilling and production and transportation of natural gas and oil, such as fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipe line ruptures and spils, which can result in the loss of hydrocarbons, environmental pollution, personal injury claims and other damage to properties of the Group. Additionally, certain of the Group's oil and natural gas operations are located in areas that are subject to tropical weather disturbances, some of which can be severe enough to cause substantial damage to facilities and possibly interrupt production.

51. RISIKO OPERASIONAL (lanjutan)

Sebagai perlindungan terhadap risiko operasional tersebut, Grup mempunyai perlindungan asuransi, namun tidak atas semua kerugian yang potensial. Perlindungan asuransi Grup untuk aktivitas eksplorasi dan produksi gas dan minyak bumi meliputi, namun tidak terbatas pada kerusakan sumur, semburan liar dan beberapa biaya tertentu untuk pengendalian polusi, kerusakan fisik aset tertentu, kewajiban terhadap karyawan, kewajiban umum yang komprehensif, asuransi kendaraan dan kompensasi pekerja.

51. OPERATIONAL RISKS (continued)

As protection against operational risks, the Group maintains insurance coverage against some, but not all potential losses. The Group's insurance coverage for its oil and gas exploration and production activities includes, but is not limited to, loss of wells, blowouts and certain costs of pollution control, physical damage to certain assets, employer's liability, comprehensive general liability, and automobile and workers compensation insurance.

52. TRANSAKSI NON-KAS

Transaksi non-kas terdiri dari:

52. NON-CASH TRANSACTIONS

Non-cash transactions consist of:

	2018	2017	2016	
Konversi wesel tagih ke investasi jangka panjang yang dicatat sebagai aset tidak lancar yang diklasifikasikan sebagai dimiliki untuk dijual	137.923.011	-	-	*Conversion of notes receivable to long-term investment which classified as non-current assets classified as held for sale*
Penambahan pada aset konsesi	66.080.639	17.144.702	-	*Additions to concession financial asset*
Penambahan aset minyak dan gas melalui liabilitas pembongkaran aset	43.082.359	4.417.253	-	*Addition of oil and gas properties involving asset abandonment and site restoration obligations*
Reklasifikasi dari aset tetap dalam pembangunan ke piutang sewa pembiayaan	16.428.212	-	-	*Reclassification from construction in progress to finance lease receivables*
Reklasifikasi dari aset eksplorasi dan evaluasi ke aset minyak dan gas bumi	12.025.290	11.291.736	11.593.604	*Reclassification from exploration and evaluation asset to oil and gas properties*
Setoran modal dari kepentingan nonpengendali dari konversi utang ke ekuitas	7.250.880	-	-	*Capital injection from non-controlling interest due to debt to equity process*
Beban pendanaan yang berasal dari akresi liabilitas restorasi area dan pembongkaran aset	6.441.251	5.807.671	6.043.484	*Financing charges from accretion in asset abandonment and site restoration obligations*
Pendapatan bunga dari ventura bersama	-	27.994.223	5.245.911	*Finance income from joint venture*
Penambahan ke aset minyak dan gas bumi akibat dari pembalikan penurunan nilai	-	99.971.207	-	*Addition to oil and gas properties due to reversal of impairment*
Utang lain-lain dan utang dana pensiun saat akuisisi entitas anak	-	-	45.615.626	*Other liabilities and pension fund liabilities at acquisition of subsidiaries*
Jumlah	**289.231.642**	**166.626.792**	**68.498.625**	***Total***

53. PERUBAHAN LIABILITAS KEUANGAN YANG TIMBUL DARI AKTIVITAS PENDANAAN

Tabel di bawah ini menyajikan perubahan liabilitas keuangan Grup yang timbul dari aktivitas pendanaan:

53. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table sets out the changes of the Group's financial liabilities arising from financing activities:

	2018						
	1 Januari/ *January 1*	Arus Kas Masuk/ *Cash Inflows*	Arus Kas Keluar/ *Cash Outflows*	Mutasi Valuta Asing/ *Foreign Exchange Movement*	Lain-lain/ *Others*[1)]	31 Desember/ *December 31*	
Pinjaman bank jangka pendek	42.000.000	142.000.000	(144.000.000)	-	-	40.000.000	*Short-term bank loans*
Liabilitas derivatif - jangka pendek	55.092.235	-	(62.289.889)	-	18.423.434	11.225.780	*Derivative liabilities - current*
Pinjaman jangka panjang yang jatuh tempo dalam satu tahun:							*Current maturities of long-term debt:*
- Pinjaman bank	161.395.447	-	(171.215.082)	784.193	239.564.908	230.529.466	*Bank loans -*
- Pinjaman dari instansi keuangan non-bank	1.205.049	-	(813.742)	(415.014)	78.277	54.570	*Loans from non-bank financial institution*
- Obligasi rupiah	129.006.725	-	(126.799.866)	(7.595.589)	82.766.951	77.378.221	*Rupiah bonds -*
- Wesel jangka menengah	73.660.258	-	(66.080.751)	(7.730.881)	54.651.349	54.499.975	*Medium term - notes*
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam setahun:							*Long-term debt net of current maturities:*
- Pinjaman bank	1.367.229.847	404.918.622	(524.048.280)	(3.549.823)	(232.275.128)	1.012.275.238	*Bank loans -*
- Pinjaman dari instansi keuangan non-bank	27.314.985	6.281.078	(20.412.429)	(2.365.125)	88.965	10.907.474	*Loans from non-bank financial non-bank*
- Obligasi Rupiah	348.648.809	200.570.255	-	(17.379.258)	(84.216.616)	447.623.190	*Rupiah bonds -*
- Obligasi Dolar AS	384.704.834	489.275.418	-	-	(6.179.184)	867.801.068	*US Dollar bonds -*
- Wesel jangka menengah	53.958.848	67.150.000	-	-	(54.652.079)	66.456.769	*Medium - term notes*
Liabilitas derivatif - jangka panjang	20.131.692	-	-	-	15.889.444	36.021.136	*Derivative liabilities - non-current*
Jumlah liabilitas keuangan dari aktivitas pendanaan	**2.664.348.729**	**1.310.195.373**	**(1.115.660.039)**	**(38.251.497)**	**34.140.321**	**2.854.772.887**	***Total financing liabilities from financing activities***

1) Lain-lain terdiri atas biaya transaksi, amortisasi diskonto yang belum diamortisasi, reklasifikasi pinjaman jangka panjang dan jangka pendek dan perubahan nilai wajar.

1) Others consist of transaction cost, amortization of unamortized discount, reclassification of loans from non-current to current portion and change in fair value.

54. PERISTIWA SETELAH TANGGAL PERIODE PELAPORAN

i. Sejak tanggal 1 Januari 2019 sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, sebanyak 5.921.896 Waran Seri I telah dikonversi menjadi 5.921.896 lembar saham dengan jumlah penerimaan sebesar Rp3.849.232.400.

ii. Pada tanggal 3 Januari 2019, Perusahaan melakukan roll-over dari fasilitas *revolving loan* dari The Hongkong and Shanghai Banking Corporation Limited (HSBC) sebesar AS$20.000.000.

54. EVENTS AFTER THE REPORTING PERIOD

i. Since January 1, 2019 until the completion date of the consolidated financial statements, a total of 5,921,896 Series I Warrants has been converted to 5,921,896 shares with total proceeds amounting to Rp3,849,232,400.

ii. On January 3, 2019, the Company has rolled-over the revolving loan facility from The Hongkong and Shanghai Banking Corporation Limited (HSBC) of US$20,000,000.

54. PERISTIWA SETELAH TANGGAL PERIODE PELAPORAN (lanjutan)

iii. Pada tanggal 4 Januari 2019, Medco Energi Global Pte Ltd ("MEG"), entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, mendirikan Medco Laurel Tree Pte. Ltd. berdasarkan Singapore Companies Act dengan nomor pendaftaran 201900562G dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767) dengan modal dasar sebanyak 1 saham dengan nilai nominal S$1.

iv. Pada tanggal 4 Januari 2019, Medco Strait Services Pte Ltd ("MSS"), entitas anak yang dimiliki seluruhnya oleh Perusahaan, mendirikan Medco Oak Tree Pte. Ltd. berdasarkan Singapore Companies Act dengan nomor pendaftaran 201900554R dan beralamat di 38 Beach Road #29-11 South Beach Tower Singapore (189767) dengan modal dasar sebanyak 1 saham dengan nilai nominal S$1.

v. Pada tanggal 4 Januari 2019, Medco Energi Global Pte Ltd ("MEG"), entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menandatangani fasilitas *Bridge Credit Agreement* senilai AS$550.000.000 dengan Standard Chartered Bank Singapore Limited terkait rencana Grup untuk mengakuisisi Ophir Energy Plc. Belum ada penarikan atas fasilitas ini.

vi. Pada tanggal 14 Januari 2019, Pemerintah Republik Indonesia melalui Keputusan Menteri Energi dan Sumber Daya Mineral Republik Indonesia No. 09 K/10/MEM/2019 memberikan persetujuan perpanjangan Kontrak Kerja Sama (PSC) wilayah kerja Blok Rimau. Kontrak baru dengan metode *gross split* ini akan berlaku efektif pada tanggal 22 April 2023 untuk jangka waktu 20 tahun. Kontraktor wajib menawarkan 10% hak kelolanya kepada pemerintah daerah.

vii. Pada tanggal 24 Januari 2019, Medco Energi Global Pte Ltd ("MEG"), entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menandatangani perjanjian FX Flexi Forward dengan Standard Chartered Bank (Singapore) Ltd dan perjanjian tersebut akan jatuh tempo pada Juli 2019.

54. EVENTS AFTER THE REPORTING PERIOD (continued)

iii. On January 4, 2019, Medco Energi Global Pte Ltd ("MEG"), a wholly-owned indirect subsidiary of the Company, established Medco Laurel Tree Pte. Ltd., which is incorporated under the Singapore Companies Act with Registration No. 201900562G and with registered address in 38 Beach Road #29-11 South Beach Tower, Singapore (189767) and has an authorized capital stock of 1 share with S$1 par value.

iv. On January 4, 2019, Medco Strait Services Pte Ltd ("MSS"), a wholly-owned subsidiary of the Company, established Medco Oak Tree Pte. Ltd., which is incorporated under the Singapore Companies Act with Registration No. 201900554R and with registered address in 38 Beach Road #29-11 South Beach Tower, Singapore (189767) and has an authorized capital stock of 1 share with S$1 par value.

v. On January 4, 2019, Medco Energi Global Pte Ltd ("MEG"), a wholly-owned indirect subsidiary of the Company, signed Bridge Credit Agreement facility in the amount of US$550,000,000 with Standard Chartered Bank Singapore Limited in connection with the Group's plan to acquire Ophir Energy Plc. No drawdown of this facility yet.

vi. On January 14, 2019, the Government of Indonesia by the Ministry of Energy and Mineral Resources' letter No. 09 K/10/MEM/2019 approved the extension of Production Sharing Contract for Rimau Block Area. The gross split scheme will be applied to new contracts effectively on April 22, 2023 for 20 years. The contractor is obliged to offer 10% of their working interest to the local government.

vii. On January 24, 2019, Medco Energi Global Pte Ltd ("MEG"), a wholly-owned indirect subsidiary of the Company, entered into FX Flexi Forward agreement with Standard Chartered Bank (Singapore) Ltd and the contract will mature in July 2019.

54. PERISTIWA SETELAH TANGGAL PERIODE PELAPORAN (lanjutan)

viii. Pada tanggal 7 Februari 2019, Medco Energi US LLC, entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menandatangani *Asset Purchase and Sale Agreement* ("Perjanjian") dengan Sanare Energy Partners LLC (sebelumnya bernama Northstar Offshore Ventures LLC) untuk penjualan blok Main Pass di teluk Meksiko dengan harga penjualan sebesar AS$150.000. Harga penjualan ini akan disesuaikan sampai dengan periode penutupan yang didefinisikan di Perjanjian.

Berdasarkan atas perjanjian tersebut, MEUS dan Sanare sepakat bahwa MEUS akan membayar kepada Sanare atas porsi MEUS terkait biaya pemeriksaan ONRR yang termasuk di dalam *settlement statement* atas kedua belah pihak tersebut. Pada bulan Februari 2019, MEUS telah membayar kepada Sanare atas porsinya terkait dengan biaya pemeriksaan ONRR. Selanjutnya, Sanare sebagai pembeli akan memiliki kewajiban atas biaya ONRR dan bertanggungjawab untuk melunaskan biaya tersebut.

ix. Pada tanggal 12 Maret 2019, Perusahaan menandatangani perpanjangan Fasilitas Kredit Jangka Pendek dengan Bank Mandiri sebesar AS$50 juta untuk jangka waktu satu tahun sampai dengan tanggal 12 Maret 2020.

x. Pada tanggal 19 Maret 2019, Far East Energy Trading Pte Ltd ("FEET"), entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menerima pembayaran uang muka ketiga dari Lukoil Asia Pasific Pte. Ltd ("LAP") sebesar AS$30 juta untuk penjualan dan pengiriman minyak mentah hingga Juni 2019.

xi. Pada tanggal 20 Maret 2019, PT Medco Ratch Power Riau menandatangani perjanjian pendanaan dengan konsorsium pemberi pinjaman untuk menyediakan pendanaan dengan jumlah agregat sekitar AS$222 juta terkait dengan pengembangan fasilitas pembangkit listrik tenaga gas 275-megawatt (MW). Konsorsium pemberi pinjaman terdiri dari Asian Development Bank (ADB), International Finance Corporation (IFC), MUFG Bank Ltd (dahulu The Bank of Tokyo Mitsubishi UFJ, Ltd) ("MUFG") dan Sumitomo Mitsui Banking Corporation (SMBC).

54. EVENTS AFTER THE REPORTING PERIOD (continued)

viii. On February 7, 2019, Medco Energi US LLC, wholly-owned indirect subsidiary of the Company, signed Asset Purchase and Sale Agreement ("the Agreement") with Sanare Energy Partners LLC (previously known as Northstar Offshore Ventures LLC) for the sale of Main Pass block located in Gulf of Mexico with purchase price of US$150,000. The purchase price is subject to adjustments until the closing period as defined in the Agreement.

Pursuant to the Agreement, MEUS and Sanare agreed that MEUS will pay to Sanare the MEUS's share on the ONRR proceedings and ONRR fees to be included in the settlement statement of both parties. In February 2019, MEUS paid Sanare its share of the ONRR fees. Further, Sanare as the buyer will assume the responsibility for the ONRR proceedings, will bear all post-closing costs of ONRR proceedings and will be responsible for the ultimate payment of the contested ONRR fees.

ix. On March 12, 2019, the Company signed a revolving Short-term Credit Facility with Bank Mandiri amounting to US$50 million with one year tenor period until March 12, 2020.

x. On March 19, 2019, Far East Energy Trading Pte Ltd ("FEET"), a wholly owned indirect subsidiary of the Company, has received the third advance payment from Lukoil Asia Pasific Pte Ltd ("LAP") amounting to US$30 million for the sale and delivery of crude oil until June 2019.

xi. On March 20, 2019, PT Medco Ratch Power Riau has entered into financing agreements with a consortium of lenders to provide financing in an aggregate principal amount of up to approximately US$222 million for the development of 275-megawatt (MW) gas fired power plant facilities. The consortium of lenders comprised of Asian Development Bank (ADB), International Finance Corporation (IFC), MUFG Bank, Ltd (formerly The Bank of Tokyo Mitsubishi UFJ, Ltd) ("MUFG") and Sumitomo Mitsui Banking Corporation (SMBC).

54. PERISTIWA SETELAH TANGGAL PERIODE PELAPORAN (lanjutan)

xii. Pada tanggal 22 Maret 2019, Grup menggunakan *pre-emption right* dan menandatangani *Share Sale and Purchase Agreement* (SSPA) dengan KEC Gulf Holdings Limited ("KEC") untuk pembelian 10% saham kepemilikan atas entitas anak, Medco LLC ("MLLC"). KEC memiliki 20% total saham MLCC yang telah diterbitkan. Sampai dengan penyelesaian tanggal laporan keuangan konsolidasian, penyelesaian transaksi masih menunggu persetujuan dari *the Ministry of Commerce and Industry* di Oman.

xiii. Pada tanggal 26 Maret 2019, Medco Energi Global Pte Ltd ("MEG"), entitas anak yang secara tidak langsung dimiliki seluruhnya oleh Perusahaan, menandatangani fasilitas *Bridge Credit Agreement* senilai AS$105.000.000 dengan ANZ Banking Group Limited untuk pendanaan kembali. Belum ada penarikan atas fasilitas ini.

xiv. Pada tanggal 29 Maret 2019, PT Medco Downstream Indonesia ("MDI") dan PT Medco Energi Nusantara ("MEN") menandatangani Perjanjian Jual Beli Saham ("PJBS") dengan PT Graha Permata Sukses ("GPS") untuk menjual investasinya di MSI. Pada saat yang sama, MSI menandatangani perjanjian novasi utang dimana seluruh utang MSI kepada Perusahaan dinovasikan kepada GPS. Jumlah imbalan dari kedua perjanjian tersebut adalah sekitar AS$251 juta.

xv. Pada bulan Maret 2019, Perusahaan melakukan *roll-over* atas fasilitas *revolving loan* dari The Hongkong Shanghai Banking Corporation Limited (HSBC) sebesar AS$20.000.000.

55. PERSETUJUAN DAN OTORISASI PENERBITAN LAPORAN KEUANGAN KONSOLIDASIAN

Penerbitan laporan keuangan konsolidasian Grup telah disetujui dan disahkan oleh Direksi pada tanggal 5 April 2019.

54. EVENTS AFTER THE REPORTING PERIOD (continued)

xii. On March 22, 2019, the Group exercised its pre-emption right and signed a Share Sale and Purchase Agreement (SSPA) with KEC Gulf Holdings Limited ("KEC"), to acquire 10% share ownership of its subsidiary, Medco LLC ("MLLC"). KEC owns 20% of total issued shares of MLLC. As of the completion date of the consolidated financial statements, the closing of this transaction is still in process for approval from the Ministry of Commerce and Industry in Oman.

xiii. On March 26, 2019, Medco Energi Global Pte Ltd ("MEG"), a wholly-owned indirect subsidiary of the Company, has signed Bridge Credit Agreement facility in the amount of US$105,000,000 with ANZ Banking Group Limited for refinancing. No drawdown on this facility yet.

xiv. On March 29, 2019, PT Medco Downstream Indonesia ("MDI") and PT Medco Energi Nusantara ("MEN") signed Sales and Purchase Agreement ("SPA") with PT Graha Permata Sukses ("GPS") to sell their investment in MSI. At the same time, MSI signed a loan novation agreement whereby all of MSI's payable to the Company was novated to GPS. The total proceeds from such agreements are approximately US$251 million.

xv. In March 2019, the Company has rolled-over the revolving loan facility from The Hongkong Shanghai Banking Corporation Limited (HSBC) of US$20,000,000.

55. APPROVAL AND AUTHORIZATION FOR THE ISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the consolidated financial statements of the Group was approved and authorized by the Board of Directors on April 5, 2019.

56. TUJUAN PENYUSUNAN DAN PENERBITAN LAPORAN KEUANGAN KONSOLIDASIAN

Laporan keuangan konsolidasian ini disusun dan diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran umum efek utang entitas anak dari Perusahaan di Amerika Serikat dan di luar Amerika Serikat masing-masing berdasarkan *Rule 144A dan Regulation S dari United States Securities Act of 1933*.

56. PURPOSE OF PREPARATION AND ISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were prepared and issued solely for inclusion in the offering circular in connection with the proposed offering of the debt securities of the Company's subsidiary 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.

ESTIMASI CADANGAN

Informasi berikut mengenai kuantitas cadangan yang *proved developed*, *undeveloped* dan *probable reserves quantities* serta sumber daya kontinjen hanya merupakan estimasi, dan tidak dimaksudkan untuk menggambarkan nilai yang dapat direalisasikan atau nilai pasar yang wajar dari cadangan Grup. Grup menekankan bahwa estimasi cadangan secara bawaan tidak akurat. Sehubungan dengan hal tersebut, estimasi ini diharapkan dapat saja berubah bila tersedia informasi baru dikemudian hari. Terdapat berbagai ketidakpastian bawaan dalam mengestimasi cadangan minyak dan gas bumi, termasuk faktor-faktor yang berada di luar kendali Grup.

Informasi berikut atas kuantitas cadangan dan sumber daya diestimasi baik oleh tenaga ahli Grup, konsultan perminyakan independen yaitu Netherland, Sewell & Associates, Inc. (NSAI), Gaffney, Clyne and Associates (GCA), dan RISC Operations Pty Ltd (RISC) ataupun berdasarkan estimasi oleh masing-masing operator blok. Prinsip teknik perminyakan dan definisi yang berlaku di industri atas kategori dan sub-klasifikasi cadangan *proved* dan *probable* serta sumber daya kontinjen dipergunakan dalam penyusunan pengungkapan cadangan dan sumber daya.

Manajemen berpendapat bahwa kuantitas cadangan di bawah ini merupakan estimasi yang wajar berdasarkan data geologi dan teknik yang tersedia.

RESERVES ESTIMATION

The following information on proved developed, undeveloped and probable reserves quantities as well as contingent resources are estimates only, and do not purport to reflect realizable values or fair market values of the Group's reserves. The Group emphasizes that reserves estimates are inherently imprecise. Accordingly, these estimates are expected to change as future information becomes available. There are numerous uncertainties inherent in estimating oil and natural gas reserves including many factors beyond the control of the Group.

The following information on the Group's reserves and resources quantities are estimated either by the Group's engineers, an independent petroleum engineering consultant, i.e., Netherland, Sewell & Associates, Inc. (NSAI), Gaffney, Clyne and Associates (GCA) and RISC Operations Pty Ltd (RISC) or based on estimates by the operators of the respective blocks. Generally accepted petroleum engineering principles and definitions applied by the industry to proved and probable reserves categories and subclassifications as well as contingent resources were utilized in preparing the reserves and resources disclosures.

Management believes that the reserves quantities shown below are reasonable estimates based on available geological and engineering data.

ESTIMASI CADANGAN (lanjutan) / ***RESERVES ESTIMATION (continued)***

	Aset di Indonesia/ *Indonesian Assets*				Aset Internasional/ *International Assets* [3]		Jumlah/ *Total*		
	Wilayah Barat/ *West* [1]		Wilayah Timur dan Tengah/ *East and Central* [2]						
	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak dan Gas/ *Oil and Gas*
	mbbls	mmscf	mbbls	mmscf	mbbls	mmscf	mbbls	mmscf	mboe
Grup Cadangan *Proved*/ *Group Proved Reserves*									
Saldo awal 31 Desember 2017/ *Beginning Balance, December 31, 2017*	**33.924**	**385.914**	**8.832**	**358.558**	**50.575**	**53.681**	**93.331**	**798.153**	**233.546**
Penemuan dan pengembangan/ *Discoveries and extensions*	-	-	-	-	-	-	-	-	-
Revisi/ *Revisions* [4]	3.358	52.598	1.855	(3.238)	-	-	5.213	49.360	14.488
Produksi/ *Production*	7.445	55.921	1.406	32.634	487	493	9.338	89.048	26.037
Saldo akhir 31 Desember 2018/ *Ending balance, December 31, 2018*	**29.837**	**382.591**	**9.281**	**322.686**	**50.088**	**53.188**	**89.206**	**758.465**	**221.997**
Grup *Proved* dan *Probable*/ *Group Proved and Probable*									
Saldo awal 31 Desember 2017/ *Beginning balance, December 31, 2017*	**47.633**	**549.453**	**11.327**	**361.858**	**84.163**	**84.514**	**143.123**	**995.825**	**315.017**
Penemuan dan pengembangan/ *Discoveries and extensions*	-	-	-	-	-	-	-	-	-
Revisi/ *Revisions* [4]	1.837	(82.561)	1.556	662	-	-	3.393	(81.899)	(7.253)
Produksi/ *Production*	7.445	55.921	1.406	32.634	487	494	9.338	89.049	26.037
Saldo akhir 31 Desember 2018/ *Ending balance, December 31, 2018*	**42.025**	**410.971**	**11.477**	**329.886**	**83.676**	**84.020**	**137.178**	**824.877**	**281.727**

ESTIMASI CADANGAN (lanjutan) / ***RESERVES ESTIMATION (continued)***

	Aset di Indonesia/ *Indonesian Assets*				Aset Internasional/ *International Assets* [3]		Jumlah/ *Total*		
	Wilayah Barat/ *West* [1]		Wilayah Timur dan Tengah/ *East and Central* [2]						
	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak/*Oil*	Gas	Minyak dan Gas/ *Oil and Gas*
	mbbls	mmscf	mbbls	mmscf	mbbls	mmscf	mbbls	mmscf	mboe
Grup Sumber Daya Kontinjen/ *Group Contingent Resources*									
Saldo awal 31 Desember 2017/ *Beginning balance, December 31, 2017*	**7.640**	**246.135**	**13.600**	**760.664**	**33.331**	**111.528**	**54.571**	**1.118.327**	**263.408**
Penemuan dan pengembangan/ *Discoveries and extensions*	-	-	-	-	-	-	-	-	-
Revisi/ *Revisions* [4]	23.935	1.170.997	6.150	152.095	-	-	30.085	1.323.092	227.188
Produksi/ *Production*	-	-	-	14	-	-	-	14	2
Saldo akhir 31 Desember 2018/ *Ending balance, December 31, 2018*	**31.575**	**1.417.132**	**19.750**	**912.745**	**33.331**	**111.528**	**84.656**	**2.441.405**	**490.594**

(1) Estimasi cadangan yang termasuk dalam aset di Indonesia, wilayah Barat meliputi beberapa wilayah kerja diantaranya *South Sumatera Extension*, Rimau, Lematang, Blok A dan Blok B.

(2) Estimasi cadangan yang termasuk dalam aset di Indonesia, wilayah Timur dan Tengah meliputi beberapa wilayah kerja diantaranya Tarakan, Senoro-Toili dan Simenggaris.

(3) Estimasi cadangan yang termasuk dalam aset Internasional meliputi beberapa wilayah kerja diantaranya Amerika Serikat, Libya, Yaman dan Tunisia.

(4) Taksiran cadangan Grup untuk Blok B, Blok Senoro-Toili dan Blok A berdasarkan Laporan Sertifikasi GCA masing-masing per 30 September 2018, 31 Oktober 2018 dan 31 Desember 2018 dengan hak partisipasi efektif Grup masing-masing sebesar 40%, 30% dan 85% serta untuk blok *South Sumatera Extension* dikarenakan monetisasi gas baru per 31 Desember 2018.

(1) The Group's reserves estimates of Indonesian assets, West area include several working areas, such as South Sumatera Extension, Rimau, Lematang, Block A and Block B.

(2) The Group's reserves estimates of Indonesian assets, East and Central area include several working areas, such as Tarakan, Senoro-Toili and Simenggaris.

(3) The Group's reserves estimates of International assets include several working areas, such as United States, Libya, Yemen and Tunisia.

(4) The Group's reserves estimates for Block B, Block Senoro-Toili and Block A were based on the GCA Certification Report respectively as of September 30, 2018, October 31, 2018 and December 31, 2018 with Group's effective working interest respectively of 40%, 30% and 85% also for Block South Sumatera Extension due to new gas monetization as of December 31, 2018.

OPINION

In our opinion:

— Ophir Energy plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
— the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
— the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Ophir Energy plc which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2018	Company statement of financial position as at 31 December 2018
Consolidated income statement and statement of other comprehensive income for the year then ended	Company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Company statement of cash flows for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 20 to the financial statements including a summary of significant accounting policies
Related notes 1 to 39 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

— the disclosures in the annual report set out on page 18 that describe the principal risks and explain how they are being managed or mitigated;
— the directors' confirmation set out on page 60 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
— the directors' statement set out on page 60 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
— whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
— the directors' explanation set out on page 60 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

OVERVIEW OF OUR AUDIT APPROACH

Key audit matters	– Impairment of the tangible oil and gas assets, exploration and evaluation assets, the equity accounted investment and the held for sale asset and its classification. – Acquisition of assets from Santos Limited – Estimates of oil and gas reserves – Provision for decommissioning and restoration of oil and gas
Audit scope	– We performed an audit of the complete financial information of 7 components and audit procedures on specific balances for a further 13 components. – The components where we performed full or specific audit procedures accounted for 98% of revenue, 99% of total group equity and 99% of total assets.
Materiality	– Overall group materiality of $10.4m which represents 1.5% of equity.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of the oil and gas ("O&G") properties, exploration and evaluation ("E&E") assets, investments accounted for using the equity method ("APICO") and the assets classified as held for sale.		
For O&G properties Oil and gas properties: $917m (2017: $700m). *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 15 of the Consolidated Financial Statements (page 111).* Fluctuating prices, as well as other potential triggers such as changes in reserves, production profiles, drilling commitments and cost forecasts, could indicate heightened risk of impairment and give rise to impairment testing. This risk has remained consistent with the prior year.	We inquired of both operational and finance personnel regarding the assets' performance, specifically with regard to production and reserves data, and future plans to assess whether there were any indicators of impairment. We also read the most recent reserves reports and discussed them with the third party reservoir engineers. With regards to the Medco offer, we have considered this in respect of the net asset valuation when assessing whether indicators of impairment exist at year end. For assets where an impairment indicator was identified, we obtained the relevant models supporting the recoverable amounts for the asset from management and compared these to the carrying value of the asset as at the balance sheet date to identify if there were any impairments or reversals of impairments. We substantively tested the integrity of the models. In assessing the appropriateness of management's assumptions and inputs included in the models we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over oil and gas prices (short, medium and long-term), discount rates, foreign exchange rates and inflation rates. We stress tested the models by performing sensitivity analyses of the key assumptions. In respect of oil and gas reserve estimates including production profiles, we made inquiries directly of the third party reservoir engineers, around their scope of work performed and their independence from Ophir in order to assess both their competence and objectivity in respect of their reserves reporting. We performed audit procedures at full and specific scope components over this risk area in 2 locations, which covered 100% of the oil and gas properties.	We reported to the Audit Committee in the February 2019 meeting that: — there was appropriate evidence to support the price assumptions used by Ophir; — the impairment discount rate adopted by management was in the middle of an acceptable range and the inflation rate assumption was acceptable based on market data; — we did not identify any errors or factual differences between Ophir's oil and gas reserves and resource estimates that would materially impact the financial statements. On the basis of our audit procedures, we confirmed that the oil and gas prices, discount rates, production volumes and the other assumptions used by management were within a reasonable range in light of the current market conditions. We communicated to the Audit Committee that we considered the carrying values and disclosures in the financial statements to be appropriate based on the work we had performed.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
For E&E assets E&E assets: $196m (2017: $248m) *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 14 of the Consolidated Financial Statements (page 111).* Given the sensitivity to commodity prices and the consequential impact on future exploration and capital expenditure plans, there is a significant risk that the carrying value of E&E assets may be impaired. In addition, Ophir's right to explore in the specific areas either may have expired during the period or may expire in the near future, and without expectation of renewal. We have considered the strategic direction of Ophir as it moves away from being an exploration focused company to focusing on increasing cashflows through its production assets. In addition, the Medco potential acquisition was also taken into consideration. This risk has increased from the prior year due to the change in strategic direction.	We verified that Ophir had the right to explore in the relevant exploration licence by obtaining supporting documentation such as licence agreements and correspondence with relevant government agencies. We confirmed that management had the intention to carry out exploration and evaluation activity in the relevant exploration area by performing procedures which included the review of budgeted expenditures and discussions with senior management in financial and operational roles and discussions with executive management. We considered whether Ophir will be able to finance planned future exploration and evaluation activity. We considered the commercial viability of the exploration block based on the results of exploration and evaluation activities carried out in the relevant licence area. We performed audit procedures at full and specific scope components over this risk area in 3 locations, which covered 90% of the balance.	We reported to the Audit Committee in the February 2019 meeting that: — E&E assets were assessed under the IFRS 6 criteria and we validated this by: 1. reviewing the right to tenure for the group; 2. the anticipated work programmes for 2019 and beyond; 3. drilling results; 4. releases made by Ophir during the year; and 5. budgets and commitments for 2019 and beyond. — Discussions were held on the status of each E&E asset with senior management and the asset managers. On the basis of our audit procedures, we communicated that we agreed with management's conclusions regarding the carrying values of the exploration and evaluation assets.
For APICO Investment accounted for using the equity method $76m (2017: $121m). *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 28 of the Consolidated Financial Statements (page 121).* Lower than anticipated nominations reduced the production profile attributed to the Sinphuhorm asset and hence there is a risk of an impairment of the APICO investment. This risk has increased from prior year as a result of: — the lower nominations and reduction in reserves for the Sinphuhorm asset; and — the significance of a potential material misstatement has increased with the reduction in materiality for 2018.	We instructed PwC Bangkok to perform a full scope audit over the financial statements of APICO. We scoped out of our instructions the impairment procedures on the investment as this is performed by the primary team. During our site visits to Bangkok, we met with PwC and certain directors of APICO appointed by Ophir to inquire of the financial and non-financial performance of the company to understand whether any impairment indicators exist in respect of assets held by APICO. In assessing the carrying value of the equity-accounted investment in APICO, we obtained the relevant model supporting the recoverable amount for the asset from management and compared these to the carrying value of the asset as of the balance sheet date to identify whether there were any impairments or reversals of impairments. We substantively tested the integrity of the models. In assessing the appropriateness of management's assumptions and inputs included in the model we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over oil and gas prices (short, medium and long-term), discount rates, foreign exchange rates and inflation rates. In respect of oil and gas reserve estimates including production profiles, we made inquiries directly to the third party reservoir engineers, around their scope of work performed and their independence from Ophir in order to assess both their competence and objectivity in respect of their reserves reporting.	We reported to the Audit Committee in the February 2019 meeting that: — the impairment discount rate adopted by management was in the lower end of an acceptable range and the inflation rate assumption was acceptable based on market data; — we confirmed to the Audit Committee that we were satisfied that the price assumptions applied in the model as a whole were reasonable and in line with by our valuation specialists. — we did not identify any errors or factual differences between Ophir's oil and gas reserves and resource estimates that would materially impact the financial statements. We communicated to the Audit Committee that on the basis of our audit procedures, we agreed with management's conclusions regarding the carrying value of the equity accounted investment.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
For assets classified as held for sale Assets classified as held for sale $nil (2017: $604m). *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 3 of the Consolidated Financial Statements (page 104.* The valuation of the Equatorial Guinea held for sale asset is dependent on a number of accounting estimates and judgments performed by management, including but not limited to, obtaining an extension on the licence, debt financing, likelihood of a Final Investment Decision ("FID"), pricing and government participation etc. This risk has fallen with respect to the prior year-end.	During the financial year, Schlumberger announced its withdrawal from the OneLNG joint venture creating further delays in FID being reached. Active and advanced discussions continued throughout the year with interested parties to secure debt and equity funding, however no agreement could be reached before the license expiry date of 31 December 2018. Ophir announced on 5 January 2019 that it had received notification from the Equatorial Guinea Ministry of Mines and Hydrocarbons that the Block R Licence, which contains the Fortuna gas discovery, would not be extended following expiry of the licence on 31 December 2018. Accordingly, we inspected the deed of termination and release of the Block R PSC signed between Ophir and the Republic of Equatorial Guinea signed on 21 January 2019. We verified the value of the held for sale asset was written off to the income statement and no held for sale asset was recognised at year end.	We reported to the Audit Committee in the February 2019 meeting that as a result of the licence not being extended, we considered the asset was appropriately written off to the income statement.
Acquisition of assets from Santos Limited *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 11 of the Consolidated Financial Statements (page 108).* Ophir acquired a package of producing and exploration assets from Santos Limited on 6 September 2018. There is a risk that the provisional valuation of the assets and liabilities acquired is calculated incorrectly leading to a material misstatement in the financial statements. The valuation is subjective and judgemental due to the complex estimations and inputs required, in particular around the valuation of the underlying assets and liabilities	In order to assess whether management's methodology and calculation of the purchase price allocation ("PPA") was within an acceptable range and in accordance with the requirements of IFRS 3: Business Combinations, we have performed the following procedures: — Inquiries of management outside of the finance function to corroborate the assumptions made by finance in the preparation of the PPA, oil and gas reserves, impairment tests and decommissioning estimates. — Read the purchase agreement to gain an understanding of the key terms and conditions and to confirm if the correct accounting treatment was applied. — Assessed the competence of both internal and external specialists. We also involved our internal tax experts to assess the recognition and valuation of deferred tax assets and liabilities. — Reviewed the appropriateness of the acquisition accounting applied, including the timing at which control was deemed to have passed. — Obtained management's purchase price allocation schedules and supporting fair value models (where applicable, for example, for Production and development assets). — In assessing the appropriateness of management's assumptions and inputs included in the models we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over oil and gas prices (short, medium and long-term), discount rates, foreign exchange rates and inflation rates including performing sensitivity analysis, in calculating the fair value of the acquired assets and liabilities. — Performed testing over journal entries associated with the recording of the purchase price allocation to ensure that the amounts recorded accurately reflected the outcome of management's calculations. — Assessed the adequacy of the related disclosures in the notes to the financial statements.	We reported to the Audit Committee in the February 2019 meeting that: — the significant fair value uplift arose on the producing assets acquired and the assumptions used by management fell within the acceptable range determined by our valuations specialists; — sensitivities were performed over the models and the models were integrity tested; — we did not identify any errors or factual differences between Ophir's oil and gas reserves used in the models and resource estimates that would materially impact the financial statements; — audit procedures were performed over the opening balances at the date of acquisition. — We communicated to the Audit Committee that, we considered the assumptions and inputs used by management in calculating the fair values of the assets and liabilities acquired as part the of the business combination, to be within an acceptable range. We also considered the relevant disclosures included in the consolidated financial statements for Ophir Energy plc, to be in accordance with the requirements of IFRS 3: *Business Combinations*.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Estimate of oil and gas reserves The estimation of oil and gas reserves and resources is a significant area of judgment due to the technical uncertainty in assessing the quantities and complex contractual arrangements that dictate Ophir's share of reserves and resources volumes. The estimates are based on internal or external specialists' assessment of reserves in place, recovery factors and crude quality. The risk relates to significant in-year movements, or lack thereof, in the reserves and resources volumes that materially impact elements of the financial statements including depreciation and amortisation, impairment testing and decommissioning and restoration provisions. This risk has remained consistent with the prior year.	Our audit procedures have focused on management's estimation process, including whether bias exists in the determination of reserves. We carried out procedures to walkthrough and understand Ophir's internal process and key controls associated with the oil and gas reserves estimation process. The equity accounted for investment's related reserves are reported in addition to the O&G assets and are included in the reserves table in the ARA. We carry out identical procedures on each reserve report for both types of assets. We assessed the competence of both internal and external specialists and objectivity of external specialists. We discussed the reserves report directly with the external reservoir engineers and made enquiries with them to assess their competence and objectivity. We also read and analysed the report of the external specialists on their audit of the reserves for the tangible (oil and gas) assets in Thailand and Indonesia as at 31 December 2018 where we performed procedures to evaluate their objectivity and competency. We have checked the consistency of the application of estimated reserves across the significant areas of the audit such as impairment testing; depreciation and amortisation; decommissioning provisions and assessment of going concern.	We reported to the Audit Committee in the February 2019 meeting that: — we assessed the ERCE engineers to be independent, competent and objective; — independent discussions with the ERCE engineers had been performed to understand significant movements and assumption changes when determining the reserves for each asset; — we agreed the reserves reports through to the related underlying accounts and we found no material errors. Based on our procedures we consider that the reserves estimations are reasonable and are an appropriate basis for use in, amongst other calculations, impairment testing, calculating depreciation and amortisation, determination of decommissioning and restoration provisions and assessment of going concern.
Decommissioning and restoration provision Decommissioning and restoration provision: $131m (2017: $51m). *Refer to the Audit Committee Report (page 48); Accounting policies (page 98); and Note 25 of the Consolidated Financial Statements (page 114).* The decommissioning and restoration provision is inherently subjective given it is based on estimates of costs that will be settled at some point in the future Management's estimate has been determined on the basis of both external factors (discount rates/inflation rates) and internal factors (future costs estimate). This risk has increased in current year as a result of the Santos acquisition which brought 3 new producing assets on to the balance sheet.	We have performed audit procedures over this risk area in two locations that cover 100% of the decommissioning and restoration provision. We have tested the reasonableness of management's discount rate used for the decommissioning and restoration provision based on market data. We evaluated the models prepared by management to determine the decommissioning cost estimate including testing the integrity of the model for mechanical and mathematical actuary. We compared actual spend in the year to the provision estimate. Where management utilised an internal or external specialist, such as their internal reserve engineers and ERCE, we assessed their objectivity and competency. We also obtained an understanding of, and tested the design and implementation of, key controls related to the process.	We reported to the Audit Committee in the February 2019 meeting that having considered the components that make up the decommissioning estimate in combination, we were satisfied the overall decommissioning provision is reasonable. We also reported that we ensured the assumptions applied between Santos and Ophir aligned, and the methodology applied in the calculation was harmonised.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We consider size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

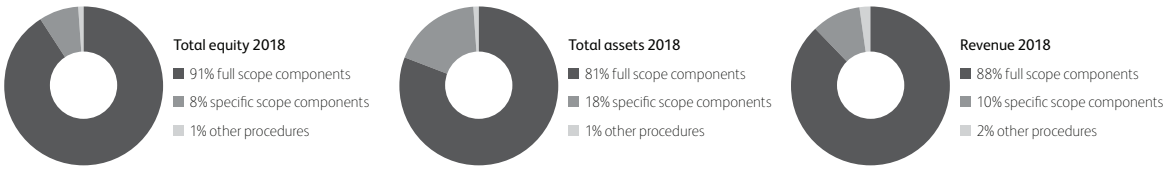
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 91 reporting components of the Group, we selected 20 components across London, Thailand and Indonesia.

Of the 20 components selected, we performed an audit of the complete financial information of 7 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 13 components ("specific scope components"), we performed audit procedures on specific accounts within each component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99% (2017: 99%) of the Group's equity, 98% (2017: 98%) of the Group's revenue and 99% (2017: 97%) of the Group's total assets. For the current year, the full scope components contributed 91% (2017: 69%) of the Group's equity, 88% (2017: 90%) of the Group's revenue and 81% (2017: 69%) of the Group's total assets. The specific scope component contributed 9% (2017: 30%) of the Group's equity, 10% (2017: 8%) of the Group's revenue and 18% (2017: 28%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 71 components that together represent 1% of the Group's equity, none is individually greater than 1% of the Group's equity. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement of the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year
We have reassessed our scope and focused our procedures on areas that present a higher risk of material misstatement. Therefore, we have altered our split of entities covered by full and specific scope, and other procedures for 2018. We believe that the 2018 audit scopes we set for each reporting unit when taken together, enable us to form an opinion on the group consolidated financial statements.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 7 full scope components, audit procedures were performed on 3 of these directly by the primary audit team. For the 13 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement of the primary team to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits both Indonesia and Thailand during the current year's audit cycle. During the current year's audit cycle, two visits were undertaken by the primary audit team to the component teams in both locations. These visits involved meeting with local management (including heads of country and personnel outside of the finance function) and component teams for planning purposes which included obtaining an understanding of the businesses and their operations including current year performance to enable risk identification, discussions around audit timetables, and the scope for the audit. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

OUR APPLICATION OF MATERIALITY
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $10.5m (2017: $29.0m), which is 1.5% (2017: 2%) of Group equity. We have used total equity of the Group as the basis for our materiality calculation as we concluded that total equity is the most closely monitored financial measure for the stakeholders of Ophir Energy plc. In 2018, Ophir's strategy changed with the acquisition of the Santos assets, which saw Ophir move from a predominantly exploration company to a producing company. This would typically alter the perception of the users of the accounts and require us to use an earnings based measure. The full effect of the strategy change will not impact Ophir for the year ended 31 December 2018 as the results of the newly acquired assets only contributed to 4 months of its financial performance in the year. As a result, we have kept our basis of materiality as equity but reduced the threshold applied of 2% to 1.5% to take this change into account.

We determined materiality for the Parent Company to be $7.8m (2017: $13.9m), which is 1% (2017: 1%) of equity.

During the course of our audit, we reassessed initial materiality and changed our final materiality to reflect the actual reported equity of the Group in the year.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 50% (2017: 50%) of our planning materiality, namely $5.2m (2017: $14.5m). We have set performance materiality at this level on the basis of a number of factors, including the results of our 2017 audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken on the basis of a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $1.1m to $3.0m (2017: $1.4m to $7.4m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.45m (2016: $1.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION
The other information comprises the information included in the annual report set out on pages 1 to 61, including the Strategic Report and the Directors' Report set out on pages 2 to 37 and 38 to 61, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

— **Fair, balanced and understandable set out on page 78** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
— **Audit committee reporting set out on page 48** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee / the explanation as to why the annual report does not include a section describing the work of the audit committee is materially inconsistent with our knowledge obtained in the audit; or
— **Directors' statement of compliance with the UK Corporate Governance Code set out on page 38** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
— the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
— the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
— certain disclosures of directors' remuneration specified by law are not made; or
— we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 78, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

— We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS as adopted by the EU, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax compliance regulations in the UK, Thailand and Indonesia.
— We understood how Ophir Energy plc is complying with those frameworks by making enquiries to management, internal audit, and those responsible for legal compliance procedures. We corroborated our enquiries through our review of board minutes, discussions with local management and papers provided to the Audit Committee by management.
— We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by making enquiries to management, reviewing the findings of internal audit, assessing the entity level controls and identifying material amounts within the financial statements which may be able to be manipulated to achieve desired results.
— Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries to management, review of internal audit reports, and those responsible for legal compliance procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

— We were appointed by the company on 17 May 2017 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 December 2014 to 31 December 2018.

— The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
— The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephney Dallmann (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 March 2019

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

Consolidated income statement	Notes	2018 $'000	2017 $'000
Continuing operations			
Revenue	5	298,246	188,527
Cost of sales	6a	(199,208)	(147,577)
Gross profit		**99,038**	**40,950**
Share of profit of investments accounted for using the equity method	28	4,858	4,181
Impairment (losses)/reversal of oil and gas properties	15	(13,500)	23,681
Impairment of investments accounted for using the equity method	28	(45,000)	(7,800)
Impairment of non-current assets held for sale	3	(613,652)	–
Exploration expenses	6b	(130,406)	(91,836)
General and administration expenses	6d	(10,861)	(11,279)
Gain on bargain purchase	11	57,542	–
Other operating expenses	6c	(40,763)	(11,699)
Operating loss		**(692,744)**	**(53,802)**
Net finance expense	7	(27,187)	(12,907)
Other financial gains	8	160	2,300
Loss from continuing operations before taxation		(719,771)	(64,409)
Taxation expense	12	(61,899)	(47,383)
Loss from continuing operations for the year		**(781,670)**	**(111,792)**
Attributable to:			
Equity holders of the Company		(781,670)	(111,792)
		(781,670)	**(111,792)**
Earnings per ordinary share			
Basic – (Loss)/profit for the period attributable to equity holders of the Company	13	(110.5)cents	(15.8)cents
Diluted – (Loss)/profit for the period attributable to equity holders of the Company	13	(110.5)cents	(15.8)cents
Consolidated statement of other comprehensive income			
Loss from continuing operations for the year		**(781,670)**	**(111,792)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on retranslation of foreign operations net of tax		(31)	–
Cash flow hedges marked to market		5,584	(5,882)
Cash flow hedges reclassified to the income statement		7,968	–
Other comprehensive income/(loss) for the year, net of tax		13,521	(5,882)
Total comprehensive loss for the year, net of tax:		**(768,149)**	**(117,674)**
Attributable to:			
Equity holders of the Company		**(768,149)**	**(117,674)**
		(768,149)	**(117,674)**

The notes on pages 91 to 126 and pages 140 to 144 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 $'000	2017 $'000
Non-current assets			
Exploration and evaluation assets	14	196,142	247,944
Oil and gas properties	15	917,088	699,669
Other property, plant and equipment	16	1,380	2,211
Investments accounted for using the equity method	28	76,084	120,964
Other long term receivables	17	91,068	21,205
		1,281,762	**1,091,993**
Current assets			
Assets classified as held for sale	3	–	604,432
Inventory	18	33,517	40,647
Derivative financial instruments	26	9,970	–
Taxation receivable		9,140	9,125
Trade and other receivables	19	58,976	24,656
Cash and cash equivalents	20	323,414	223,779
		435,017	**902,639**
Total assets		**1,716,779**	**1,994,632**
Current liabilities			
Trade and other payables	21	(98,984)	(52,374)
Interest-bearing bank borrowings due within one year	22	(103,200)	–
Taxation payable		(37,195)	(30,282)
Provisions	25	(33,604)	(9,399)
Derivative financial instruments	26	–	(3,582)
		(272,983)	**(95,637)**
Non-current liabilities			
Trade and other payables	21	(14,739)	(15,279)
Interest-bearing bank borrowings	22	(142,499)	–
Bonds payable	23	(106,650)	(106,651)
Provisions	25	(130,676)	(51,265)
Deferred tax liability	12	(353,548)	(264,491)
Net defined benefit liability	38	(14)	–
		(748,126)	**(437,686)**
Total liabilities		**(1,021,109)**	**(533,323)**
Net assets		**695,670**	**1,461,309**
Capital and reserves			
Called up share capital	27	3,061	3,061
Reserves	30	692,609	1,458,528
Equity attributable to equity shareholders of the Company		**695,670**	**1,461,589**
Non-controlling interest		–	(280)
Total equity		**695,670**	**1,461,309**

The notes on pages 91 to 126 and pages 140 to 144 form part of these consolidated financial statements.

The consolidated financial statements of Ophir Energy plc (registered number 05047425) on pages 87 to 126 and pages 140 to 144 were approved by the Board of Directors on 11 March 2019.

On behalf of the Board:

Tony Rouse
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Non-controlling interest $'000	Total equity $'000
As at 1 January 2017	**3,061**	**(153)**	**1,572,449**	**(280)**	**1,575,077**
Loss for the period, net of tax	–	–	(111,792)	–	(111,792)
Other comprehensive loss, net of tax	–	–	(5,882)	–	(5,882)
Total comprehensive loss, net of tax	–	–	(117,674)	–	(117,674)
Exercise of options	–	1	–	–	1
Share-based payment	–	–	3,905	–	3,905
As at 31 December 2017	**3,061**	**(152)**	**1,458,680**	**(280)**	**1,461,309**
Loss for the period, net of tax	–	–	(781,670)	–	(781,670)
Other comprehensive loss, net of tax	–	–	13,521	–	13,521
Total comprehensive loss, net of tax	–	–	(768,149)	–	(768,149)
Disposal of subsidiary	–	–	(280)	280	–
Exercise of options	–	3	–	–	3
Share-based payment	–	–	2,507	–	2,507
As at 31 December 2018	**3,061**	**(149)**	**692,758**	**–**	**695,670**

1 Refer to Note 31 of these consolidated financial statements.

The notes on pages 91 to 126 and pages 140 to 144 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Loss before taxation		(719,771)	(64,409)
Adjustments to reconcile loss before taxation to net cash provided by operating activities			
Exploration expenditure written off and loss on exploration inventory	6b	114,942	76,108
Gain on bargain purchase	11	(57,542)	–
Impairment of non-current assets held for sale	3	613,652	–
Depreciation and amortisation		107,876	79,230
Net impairment/(reversal) on oil and gas properties		13,500	(23,681)
Impairment of investments accounted for using the equity method		45,000	7,800
Share of profits from joint ventures		(4,858)	(4,181)
Net finance expenses	7	27,158	14,724
Net foreign currency loss/(gain)	7	29	(1,817)
Share based payment expense	6d	2,507	3,905
Increase in provisions		24,197	9,381
Other non-cash losses/(gains)		1,015	(180)
Cash flow from operations before working capital adjustments		**167,705**	**96,880**
Decrease in inventories		6,918	7,123
Increase in other current and non-current payables		14,750	1,962
(Increase)/decrease in other current and non-current assets		(14,375)	10,147
Cash generated from operations		174,998	116,112
Interest received		2,949	2,057
Income taxes paid		(70,528)	(9,485)
Net cash flows generated from/(used in) operating activities		**107,419**	**108,684**
Investing activities			
Additions to exploration and evaluation assets		(64,587)	(95,827)
Additions to oil and gas assets and other property, plant and equipment		(49,140)	(47,179)
Funding provided to joint ventures		(1,824)	(370)
Dividends received from joint ventures	28	6,562	6,523
Acquisitions, net of cash acquired		(137,847)	–
Proceeds from disposals of assets		–	428
Net cash flows used in investing activities		**(246,836)**	**(136,425)**
Financing activities			
Interest paid		(14,591)	(15,217)
Proceeds/(repayment) of debt		253,200	(93,656)
Net issue/(repurchase) of shares		4	1
Net cash inflows/(outflows) from financing activities		**238,613**	**(108,872)**
Effect of exchange rates on cash and cash equivalents		439	(32)
Increase/(decrease) in cash and cash equivalents		99,635	(136,645)
Cash and cash equivalents at the beginning of the year	20	223,779	360,424
Cash and cash equivalents at the end of the year	20	**323,414**	**223,779**

The notes on pages 91 to 126 and pages 140 to 144 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Ophir Energy plc (the 'Company' and ultimate parent of the Group) is a public limited company domiciled and incorporated in England and Wales with company number 05047425. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The principal activity of the Group is the development of offshore oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa, Mexico and Southeast Asia.

The Group's consolidated financial statements for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 11 March 2019 and the consolidated statement of financial position was signed on the Board's behalf by Tony Rouse.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of certain derivative instruments measured at fair value. The consolidated financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

Comparative figures for the period to 31 December 2017 are for the year ended on that date.

New and amended accounting standards and interpretations

The Group has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 January 2018:

— IFRS 9 'Financial Instruments'
— IFRS 15 'Revenue from Contracts with Customers'

There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

IFRS 9 'Financial Instruments'

IFRS 9 provides a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Under the new standard the Group's financial assets are classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. For financial liabilities the existing classification and measurement requirements of IAS 39 are largely retained. Whilst financial assets have been reclassified into the categories required by IFRS 9, the Group has not identified any impacts on the measurement of its financial assets and financial liabilities as a result of the classification and measurement requirements of the new standard. Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group has continued to measure these at amortised cost under IFRS 9.

Under IFRS 9, impairments of financial assets classified as measured at amortised cost are recognised on an expected credit loss (ECL) basis which incorporates forward-looking information when assessing credit risk. Movements in the expected loss reserve are recognised in profit or loss. Due to the short-term nature and high quality of the financial assets, the Group has not recognised any impacts on the adoption of IFRS 9.

The hedge accounting requirements of IFRS 9 have been simplified and are more closely aligned to an entity's risk management strategy. Under IFRS 9 all existing hedging relationships will qualify as continuing hedging relationships. IFRS 9 also introduces a new way of treating fair value movements on the time value of certain hedging instruments. Whereas under IAS 39 these movements were recognised in profit or loss, under IFRS 9 they are initially recognised in equity to the extent that they relate to the hedged item. An adjustment to the 2018 opening balance sheet has been made to transfer $2.3 million of gains from retained earnings to the hedging reserve for relevant hedging instruments existing on transition (see Note 31). As permitted by IFRS 9, comparatives were not restated.

IFRS 15 'Revenue from Contracts with Customers'

Under IFRS 15, revenue from contracts with customers is recognised as or when the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil and gas sold by the group coincides with title passing to the customer and the customer taking physical possession. The Group have applied the modified retrospective approach and there is no transition impact. The Group satisfies its performance obligations at a point in time. The accounting for revenue under IFRS 15 does not, therefore, represent a change from the Group's previous practice for recognising revenue from sales to customers. An analysis of revenue from contracts with customers by product is presented in Note 5 and by product and segment in Note 4.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Standards and interpretations issued but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but are not effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group:

Effective date for periods beginning on or after	
IFRS 16 'Leases'	1 January 2019
IFRIC 23 'Uncertainty over income tax treatments'	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement [1]	1 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	1 January 2019
Annual Improvements 2015-2017 Cycle [1]	1 January 2019
Amendment to IFRS 3 Business Combinations [1]	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of material [1]	1 January 2020
Amendment to References to the Conceptual Framework in IFRS Standards [1]	1 January 2020

1 These standards, amendments and improvements have not yet been endorsed by the European Union.

The directors anticipate the following standard will have a material impact for future financial reporting periods.

IFRS 16 'Leases'

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term leases and leases of low value, will be accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability. The subsequent amortisation of the right-to-use asset and the interest expense related to the lease liability will be recognised in profit or loss over the lease term. IFRS 16 replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

The Company will adopt IFRS 16 on 1 January 2019. An implementation project was initiated in 2018 to cover accounting policy development and the impacts on covenants and other financial metrics.

On transition, the company will use the modified retrospective approach permitted by the standard in which the lease asset is measured based on the lease liability with no adjustment to opening retained earnings and no restatement of comparative periods' financial information.

IFRS 16 introduces a revised definition of a lease. The Company has reassessed the existing population of leases under the new definition and has applied the new definition for the assessment of all material contracts in existence as at 1 January 2019.

An adjustment to the 2019 opening statement of financial position is expected to be made to recognise a right of use asset of $94.1 million and a lease liability of $94.1 million. The discount rates used on transition are incremental borrowing rates with a range of such incremental borrowing rates applicable for the majority of leases for the Group of 3% to 6%, with the rate primarily determined by the country of operation. It is expected that the presentation and timing of recognition of charges in the income statement will also change as the operating lease expense currently reported under IAS 17, typically on a straight-line basis, will be replaced by depreciation of the right-to-use asset and interest on the lease liability. In the cash flow statement operating lease payments are currently presented within cash flows from operating activities but under IFRS 16 payments will be presented as financing cash flows, representing repayments of debt, and as operating cash flows, representing payments of interest.

2.2 Basis of consolidation

These financial statements comprise a consolidation of the accounts of the Company and its subsidiary undertakings and incorporates the results of its joint ventures and associates using the equity method of accounting, drawn up to 31 December each year.

Subsidiaries

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e. existing voting rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit and loss; and (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

2.3 Summary of significant accounting policies

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent Company and are presented separately within the consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(a) Commercial reserves

Commercial reserves are proved and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. Proved and probable reserve estimates are based on a number of underlying assumptions including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. The amount of reserves that will be ultimately recovered from any field cannot be known with certainty until the end of the field's life.

(b) Intangible exploration and evaluation expenditure

Exploration and evaluation (E&E) expenditure relates to costs incurred on the exploration for and evaluation of potential mineral reserves and resources. The Group applies the successful efforts method of accounting for E&E costs as permitted by IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs (such as geological, geochemical and geophysical costs, exploratory drilling and other direct costs associated with finding mineral resources) are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Costs (other than payments for the acquisition of rights to explore) incurred prior to acquiring legal rights to explore an area and general exploration costs not specific to any particular licence or prospect are charged directly to the consolidated income statement and statement of other comprehensive income.

E&E assets are not amortised prior to the determination of the results of exploration activity.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/block are carried forward, until the existence (or otherwise) of commercial reserves has been determined, subject to certain limitations including review for indicators of impairment. If, at completion of evaluation activities, technical and commercial feasibility is demonstrated, then, following recognition of commercial reserves, the carrying value of the relevant E&E asset is then reclassified as a development and production asset (subject to an impairment assessment before reclassification).

If, on completion of evaluation activities, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue E&E activity, then the costs of such unsuccessful E&E are written off to the consolidated income statement and statement of other comprehensive income in the period of that determination.

Impairment

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The cash generating unit (CGU) applied for impairment test purposes is generally the block, except that a number of block interests may be grouped as a single cash generating unit where the cash flows of each block are interdependent.

Where an indicator of impairment exists, management will assess the recoverability of the carrying value of the asset or CGU. This review includes a status report confirming that E&E drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable. This assessment is based on a range of technical and commercial considerations and confirming that sufficient progress is being made to establish development plans and timing. If no future activity is planned, or the value of the asset cannot be recovered via successful development or sale, the balance of the E&E costs are written off in the consolidated income statement and statement of other comprehensive income.

Farm-in/farm-out arrangements

The Group may enter into farm-in or farm-out arrangements, where it may introduce partners to share in the development of an asset. For transactions involving assets at the exploration and evaluation phase, the Group adopts an accounting policy as permitted by IFRS 6 such that the Group does not record any expenditure made on its behalf under a 'carried interest' by a farm-in partner (the 'farmee'). Where applicable past costs are reimbursed, and any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal. Farmed-out oil and gas properties are accounted for in accordance with IAS 16 'Property, Plant and Equipment'.

(c) Business combinations

On an acquisition that qualifies as a business combination in accordance with IFRS 3 – 'Business Combinations', the assets and liabilities of a subsidiary are measured at their fair value as at the date of acquisition. Determining these values (the "purchase price allocation") is a significant exercise and under IFRS there is a period of 12 months for them to be finalised. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill which is treated as an intangible asset. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated income statement and statement of other comprehensive income as a gain on bargain purchase in the period of acquisition.

A business combination is a transaction in which an acquirer obtains control of a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends or lower costs or other economic benefits directly to investors or other owners or participants. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Group acquires a business, it assesses the assets 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. Those oil and gas reserves that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

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 as at the acquisition date (being the date the acquirer gains control) in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity.

IFRS 3 requires a liability to be recognised at its fair value if there is a present obligation arising from a past event that can be reliably measured, even if it is not probable that an outflow of resources will be required to settle the obligation. If a contingent liability only represents a possible obligation arising from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, no liability is recognised at acquisition.

(d) Property, plant and equipment

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Oil and gas properties – cost

Development and production assets are generally accumulated on a block-by-block basis and represent the cost of developing the commercial reserves discovered and bringing them into production. The initial cost of a development and production asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Oil and gas properties – depreciation

Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. The production and reserve estimates used in the calculation are on an entitlements basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Producing assets are generally grouped with other assets that are dedicated to serving the same reserves for depreciation purposes, but are depreciated separately from producing assets that serve other reserves.

Other fixed assets

Property, plant and equipment other than oil and gas properties is depreciated at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and ten years.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual block, which is the lowest level for which cash flows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's (or CGU's) recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is then determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset (or CGU) is considered impaired and written down to its recoverable amount. Impairment losses of continuing operations are recognised in the consolidated income statement and statement of other comprehensive income.

Where conditions giving rise to an impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the consolidated income statement and statement of other comprehensive income, net of any depreciation that would have been charged since the impairment.

(e) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the revenue recognition accounting policy in Note 2.3(m).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

— Financial assets at amortised cost (debt instruments)
— Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
— Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
— Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

— The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
— The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, other receivables and receivables from joint arrangements. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of derivatives.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g. derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g. debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e. where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

— The rights to receive cash flows from the asset have expired or;
— 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 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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Loans and borrowings and trade and other payables
After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings and trade and other payables.

For more information, refer to Note 21 and 22.

Derecognition
A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

iii. Cash and short-term deposits
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, short-term deposits and restricted cash.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

iv. Derivative financial instruments
The Group uses derivative financial instruments to manage its exposure to movements in oil and gas prices, interest rates and foreign exchange. The Group does not use derivatives for speculative purposes.

Fair value hedges
Gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated income statement, except for the effective proportion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss. The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The estimated fair value of these derivatives is disclosed in derivative financial instruments in the consolidated statement of financial position and the related changes in the fair value are included in other financial gains unless designated as effective hedging instruments.

Cash flow hedges
The effective portion of the gain or loss on a cash flow hedging instrument is reported in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss.

The Group uses derivative commodity contracts to hedge its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 26a for more details.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

(f) Inventories
Inventories of oil and gas, materials and drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) Provisions

General

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Decommissioning liability

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated income statement and statement of other comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement and statement of other comprehensive income as a finance cost. The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(h) Pensions and other post-retirement benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained annually.

Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(i) Employee benefits

Salaries, wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(j) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Group has leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the consolidated income statement and statement of other comprehensive income on a straight line basis over the lease term.

(l) Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

i. Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

— assets, including its share of any assets held jointly;
— liabilities, including its share of any liabilities incurred jointly;
— revenue from the sale of its share of the output arising from the joint operation;
— share of the revenue from the sale of the output by the joint operation; and
— expenses, including its share of any expenses incurred jointly

ii. Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The consolidated income statement and statement of other comprehensive income reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the consolidated income statement and statement of other comprehensive income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'share of profit of investments accounted for using the equity method' in the consolidated income statement and statement of other comprehensive income.

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement and statement of other comprehensive income.

(m) Revenue from contracts with customers

The Group generates revenue through the sale of oil and petroleum products. The sale of oil and petroleum products is the only performance obligation. Revenue recognition occurs at a point in time when control of the asset is transferred to the customer on delivery of the products, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products. The normal credit term is 30 days. The transfer of control of oil and gas sold by the group coincides with title passing to the customer and the customer taking physical possession. The Group has concluded that it is the principal in its revenue arrangements, because it typically controls the products before transferring them to the customer.

The transaction price for oil sales is fixed for all contracts based on a price derived from a quoted exchange. For gas sales, prices are based on sales agreements which set out the terms of the sale and the applicable price. There are no significant financing components.

(n) Cost of sales

Joint operations

The Group recognises revenue when sales are made to customers and production costs are accrued or deferred to reflect differences between volumes taken and sold to customers and the Group's ownership interest in total production volumes.

(o) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in net finance expense in the consolidated income statement and statement of other comprehensive income.

(p) Finance costs and borrowings

Finance costs of borrowings are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Debt is shown on the consolidated statement of financial position net of arrangement fees and issue costs, and amortised through to the consolidated income statement and statement of other comprehensive income as finance costs over the term of the debt.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(q) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each consolidated statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous consolidated statement of financial position date is recognised in the consolidated income statement and statement of other comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(r) Foreign currency translation

The Group's consolidated financial statements are presented in US Dollars, which is also the parent Company's functional currency. The functional currency for each entity in the Group is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the consolidated income statement and statement of other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

The assets and liabilities of foreign operations whose functional currency is other than that of the presentation currency of the Group are translated into the presentation currency, at the rate of exchange ruling at the consolidated statement of financial position date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement and statement of other comprehensive income.

(s) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the consolidated statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated income statement and statement of other comprehensive income.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged and credited in the consolidated income statement and statement of other comprehensive income as the underlying temporary difference is reversed.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the consolidated income statement and statement of other comprehensive income.

In order to account for uncertain tax positions, management has formed an accounting policy, in accordance with IAS 8, whereby the ultimate outcome of legal proceedings is viewed as a single unit of account. The results of separate hearings in relation to the same matter, such as local tribunals and international arbitration, are not viewed separately and only the final outcome is assessed by management to determine the best estimate of any potential outcome. If management viewed the results of individual hearings separately, an income statement charge could arise due to the differing recognition criteria of assets and liabilities.

(t) Royalties, resource rent tax and revenue-based taxes

In addition to corporate taxes, the Group's consolidated financial statements also include and recognise as taxes on income, other types of taxes on net income such as certain royalties, resource rent taxes and revenue-based taxes.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government tax authority and the amount payable is based on taxable income rather than physical quantities produced or as a percentage of revenue after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in cost of sales.

(u) Impairment

The accounting policies for the impairment of intangible exploration and evaluation assets and oil and gas properties are described in more detail in 2.3(b), 2.3(d) and 2.4.

The Group assesses at each reporting date whether there is an indication that an intangible asset or item of property, plant and equipment may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations (including impairment on inventories) are recognised in the consolidated income statement and statement of other comprehensive income in expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed, net of any depreciation that would have been charged since the impairment.

(v) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Judgements

Exploration and evaluation expenditure – accounting judgements

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploration, development or asset sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Management is also required to assess impairment in respect of exploration and evaluation assets. Note 14 discloses the carrying value of such assets. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the asset. Where this is no longer the case, the costs are immediately expensed. The triggering events for impairment are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established.

Income taxes – judgement of income taxes

The computation of the Group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine provisions for income taxes. In addition, the Group has carry forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. Management judgement is exercised in assessing whether this is the case. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. For more information see Note 12. Judgement is also required when determining whether a particular tax is an income tax or another type of tax (for example a production tax).

Balance sheet classification and recoverability of asset carrying values – non-current assets held for sale

IFRS 5 requires an entity to classify a single non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. To qualify as held for sale, the asset must be available for immediate sale in its present condition and its sale must be highly probable. Asset sales are often complex transactions and negotiations can be lengthy. Management judgement is required to determine whether the above held for sale conditions have been met when planning to sell an asset.

A significant area of judgement throughout 2018 was the continuing reporting of the Group's share of the Block R licence in Equatorial Guinea as a non-current asset held for sale, as described in the Group's 2018 Half Year Results – Note 2.3 Update to accounting judgements.

Ophir received notification from the Equatorial Guinea Ministry of Mines and Hydrocarbons that the Block R licence, which contains the Fortuna gas discovery, would not be extended following expiry of the licence on 31 December 2018, and therefore the asset has been written off in full. See Note 3 – Assets classified as held for sale.

Estimates

Oil and gas properties – estimation of oil and gas reserves

The determination of the Group's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the Group's estimates of its oil and natural gas reserves. The Group employs independent reserves specialists who periodically report on the Group's level of commercial reserves by evaluating the estimates of the Group's in-house reserves specialists and where necessary referencing geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Group's assets. In addition, the Group undertakes its own assessment of commercial reserves, using standard evaluation techniques and related future capital expenditure by reference to the same datasets using its own internal expertise. The estimates adopted by the Group may differ from the independent reserves specialists' estimates where management considers that adjustments are appropriate in the circumstances. The last assessment by its independent reserves specialist was as at 31 December 2018.

Estimates of oil and natural gas reserves are used to calculate depreciation, depletion and amortisation charges for the Group's oil and gas properties. The impact of changes in reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an immediate write-down of the property's carrying value. The 2018 movements in contingent resources and proved and probable reserves are reflected in the tables on page 23. Information on the carrying amounts of the group's oil and natural gas properties, together with the amounts recognised in the income statement as depreciation, depletion and amortisation is contained in Note 15 and Note 6a respectively.

Impairment of oil and gas properties – estimation on the recoverability of asset carrying values
Determination as to whether, and by how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas. For oil and natural gas properties, the expected future cash flows are estimated using management's best estimate of future oil and natural gas prices and production and reserves volumes. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

Macro assumptions used for prices and inflation were as follows. Brent oil price of $62.6/bbl in 2019, $61.8/bbl in 2020, $63.2/bbl in 2021, $64.6/bbl in 2022, then escalating at 2.5% for the remaining life of the asset. Gas prices were based on the relevant gas sales agreements ranging from $5.65/MMbtu flat to $7.2/MMbtu flat.

2017 price assumptions were as follows: Brent oil price of $67.50/bbl, with the forward curve increased at an average of $5/bbl in the period 2018-2021 and a tail-end increase of above $2.50/bbl. Gas price of $5.65/MMbtu flat.

The annual inflation assumption is 2.5% (2017: 2%).

For value-in-use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is derived from the cost of funding the Group calculated using an established model. The discount rates applied in assessments of impairment are reassessed each year. The Group average WACC was determined as 10% (2017: 10%). The country specific discount rates were then derived by risking the Group average WACC. Reserves assumptions for value-in-use tests are restricted to proved and probable reserves.

The recoverability of exploration and evaluation assets is covered under exploration and evaluation expenditure – accounting judgements above.

Details of impairment charges and reversals recognised in the income statement and details on the carrying amounts of assets are shown in Note 14 and Note 15.

Decommissioning – estimation of provisions
Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new technology or experience at other production sites. The expected timing, extent and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The estimated decommissioning costs are reviewed annually by management and the results of this review are then used for the purposes of the Group's consolidated financial statements.

Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

The timing and amount of future expenditures are reviewed annually, together with the interest rate used in discounting the cash flows. The interest rates used to determine the balance sheet obligations at the end of 2018 were real rates between 2.3%–5.7%. (2017: 3.1%)

Provisions and contingent liabilities are discussed in Note 25 and 35.

Special remuneratory benefit tax – estimation of tax rate
The Group is subject to a special remuneratory benefit tax in Thailand, the rate for which depends on the annual revenue per cumulative metre drilled. Accordingly the tax rate to be applied in calculating the Group's deferred special remuneratory benefit tax depends on management's forecast of future revenues and drilling activities.

Post-retirement benefits – estimation of projected benefit obligation
Since the acquisition of the Santos companies, accounting for post-retirement benefits has become a significant estimate for the Company. Accounting for post-retirement benefits involves making significant estimates when measuring the Company's pension plan obligations. These estimates require assumptions to be made about many uncertainties. Pensions and other post-retirement benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year-end. The assumptions that are the most significant to the amounts reported are the discount rate, inflation rate, salary growth and mortality levels. Assumptions about these variables are based on the environment in each country. The assumptions used vary from year to year. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in material changes to the carrying amounts of the Company's pension and other post-retirement benefit obligations within the next financial year.

The values ascribed to these assumptions are provided in Note 38.

3 ASSETS CLASSIFIED AS HELD FOR SALE

On 10 November 2016 Ophir and OneLNG, a joint venture between subsidiaries of Golar LNG Limited and Schlumberger, announced that they had signed a binding Shareholders' Agreement to establish a Joint Venture ("JV") to develop the Fortuna project, in Block R, offshore Equatorial Guinea utilising Golar's FLNG technology. OneLNG and Ophir would have had 66.2% and 33.8% ownership of the JV respectively. The JV would have facilitated the financing, construction, development and operation of the integrated Fortuna project and, from FID, would have owned Ophir's share of the Block R licence. In May 2018, OneLNG made the decision to dissolve itself, however management continued to classify the Fortuna asset as held for sale. Please see Note 2.4 Judgements, Balance Sheet classification and recoverability of asset carrying values – non-current assets held for sale. In January 2019, Ophir received notification from the Equatorial Guinea Ministry of Mines and Hydrocarbons that the Block R licence, which contains the Fortuna gas discovery, will not be extended following expiry of the licence on 31 December 2018, and therefore the asset has been written off in full.

Ophir's share of the Block R licence classified as held for sale at 31 December 2018 was:

	2018 $'000	2017 $'000
Assets		
Exploration and evaluation assets	613,652	604,432
Impairment charge	(613,652)	–
Assets classified as held for sale	–	604,432

4 SEGMENTAL ANALYSIS

The Group's reportable and geographical segments are Africa, Asia and Other. The other segment relates substantially to activities in the UK.

Segment revenues and results

The following is an analysis of the Group's revenue and assets by reportable segment:

	Year ended 31 December 2018			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Oil revenue from contracts with customers	–	251,670	–	251,670
Gas revenue from contracts with customers	–	54,544	–	54,544
Loss relating to oil derivatives	–	(7,968)	–	(7,968)
Depreciation and amortisation	–	(107,241)	(635)	(107,876)
Impairment of exploration costs	(1,206)	(98,788)	–	(99,994)
Impairment of oil and gas properties	–	(13,500)	–	(13,500)
Impairment of investments accounted for using the equity method	–	(45,000)	–	(45,000)
Impairment of non-current assets held for sale	(613,652)	–	–	(613,652)
Share of profit of equity-accounted joint venture	–	4,858	–	4,858
Segment results				
Operating loss	(623,797)	(60,794)	(8,153)	(692,744)
Finance income	–	280	2,669	2,949
Finance expense	(377)	(1,299)	(28,460)	(30,136)
Other financial gains	–	160	–	160
Loss before tax	(624,174)	(61,653)	(33,944)	(719,771)
Taxation	(1,341)	(60,558)	–	(61,899)
Loss after tax	(625,515)	(122,211)	(33,944)	(781,670)

	As at 31 December 2018			
Total assets and total liabilities				
Total assets	113,462	1,511,119	92,198	1,716,779
Total liabilities	(39,751)	(948,779)	(32,579)	(1,021,109)
Investments accounted for using the equity method	–	76,084	–	76,084

	Year ended 31 December 2018			
Additions to non-current assets	17,872	80,226	19,407	117,505

	Year ended 31 December 2017			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Oil revenue from contracts with customers	–	169,461	–	169,461
Gas revenue from contracts with customers	–	19,066	–	19,066
Gain/(loss) relating to oil derivatives	–	–	–	–
Depreciation and amortisation	–	(77,529)	(542)	(78,071)
Impairment of exploration costs	(60,744)	(15,887)	(21)	(76,652)
Impairment of oil and gas properties	–	23,681	–	23,681
Impairment of investments accounted for using the equity method	–	7,800	–	7,800
Share of profit of equity-accounted joint venture	–	4,181	–	4,181
Segment results				
Operating (loss)/profit	(58,783)	34,604	(29,623)	(53,802)
Finance income	9	93	1,955	2,057
Finance expense	148	(994)	(14,118)	(14,964)
Other financial gains	–	–	2,300	2,300
Loss before tax	(58,626)	33,703	(39,486)	(64,409)
Taxation	5,296	(52,676)	(3)	(47,383)
Loss after tax	(53,330)	(18,973)	(39,489)	(111,792)
	As at 31 December 2017			
Total assets and total liabilities				
Total assets	729,337	1,113,555	151,740	1,994,632
Total liabilities	(45,443)	(479,495)	(8,385)	(533,323)
Investments accounted for using the equity method	–	120,964	–	120,964
	Year ended 31 December 2017			
Additions to non-current assets	13,384	62,780	8,736	84,900

Non-current operating assets

The non-current operating assets for the UK are $0.8 million (2017: $1.5 million). The non-UK, non-current operating assets are $1,114 million (2017: $948.3 million). Included in the non-UK, non-current operating assets is Thailand which makes up $409.0 million (2017: $414.9 million), Indonesia $374.6 million (2017: $284.9 million) and Tanzania £110.1 million (2017: $106.0 million).

Revenue from major customers

All sales of crude oil in Thailand are to a single customer PTT Public Company Limited (PTT). PTT is a Thai state-owned oil and gas company that is listed on the Stock Exchange of Thailand. Sales to PTT make up 66% of total revenue for the Group (2017: 90%)

5 REVENUE

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Sales of crude oil	251,670	169,461
Sale of gas	54,544	19,066
Revenue from contracts with customers	306,214	188,527
Loss relating to oil derivatives	(7,968)	–
	298,246	188,527

6 OPERATING (LOSS)/PROFIT BEFORE TAXATION

The Group's operating (loss)/profit before taxation included the following items:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
(a) Cost of sales:		
– Operating costs	72,764	48,864
– Royalty payable	19,308	14,057
– Depreciation and amortisation of oil and gas properties	107,041	77,529
– Movement in inventories of oil	95	7,127
	199,208	147,577
(b) Exploration expenses:		
– Pre-licence and other exploration costs	15,464	15,728
– Exploration expenditure written off (Note 14)	99,994	76,652
– Impairment/(reversal) and loss on disposal of exploration inventory	14,948	(544)
	130,406	91,836
(c) Other operating expense:		
– Loss/(profit) on disposal of assets	1,015	(180)
– Depreciation of other property, plant & equipment	200	288
– Provision for exiting contracts (Note 25)	7,350	8,900
– Restructuring costs [1]	17,415	1,935
– Other	309	756
– Corporate transaction expense [2]	14,474	–
	40,763	11,699
(d) General & administration expenses include:		
– Operating lease payments	2,843	3,424
– Share-based payment expense	2,507	3,905
	5,350	7,329

1 Restructuring costs consist of onerous leases of $9.5 million and redundancy and other staff related costs of $7.9m.

2 Corporate transaction expenses consist of $6.5 million in relation to the acquisition of assets from Santos (see note 11) and $8.0 million incurred in relation to the potential acquisition of Ophir by PT Medco Energi Global PTE Ltd (See Note 39 – Events after the reporting period).

7 NET FINANCE EXPENSE

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Interest income on short term bank deposits	2,949	2,057
Interest expense on long term borrowings	(16,691)	(13,063)
Amortisation of fees and other interest costs	(10,837)	(2,269)
Unwinding of discount (Note 25)	(2,579)	(1,449)
Net foreign currency exchange gains/(losses)	(29)	1,817
	(27,187)	(12,907)

8 OTHER FINANCIAL GAINS

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Gain relating to oil derivatives	–	2,300
Gain relating to foreign exchange hedging	160	–
	160	2,300

9 AUDITORS' REMUNERATION

The Group paid the following amounts to its Auditors in respect of the audit of the financial statements and for other services provided to the Group.

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
(a) Paid/payable to Ernst & Young LLP		
Audit of the financial statements	1,068	609
Local statutory audits of subsidiaries	248	216
Total audit services	1,316	825
Other assurance services[1]	135	146
Audit related assurance services[2]	550	19
Total non-audit services	685	165
(b) Paid/payable to Auditor if not Ernst & Young LLP		
Local statutory audits of subsidiaries	–	–
	2,001	990

1 Other assurance services by EY relate to the interim review on the half-year results for the six months ended 30 June

2 Audit related assurance services predominantly relates to fees for audit of the combined historical financial information and pro-forma results which formed part of the circular related to the class 1 transaction (acquisition of Santos assets).

10 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Salaries and wages	30,211	29,096
Social security costs	3,777	4,051
Contributions to pension plans/superannuation funds	1,748	1,529
Share-based payment expense	2,507	3,905
	38,243	38,581

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors who served in the year:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Aggregate compensation:		
Salaries and wages	2,917	4,452
Social security costs	419	560
Contributions to pensions/superannuation funds	231	247
Compensation for loss of office	1,929	129
Share-based payment (credit)/expense	1,190	673
	6,686	6,061

Key management emoluments above exclude aggregate gains made by Directors on the exercise of share options of $40,929 (2017: Nil).

(c) Directors' emoluments

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Aggregate compensation:		
Salaries and wages	2,010	2,098
Bonuses	–	530
Social security costs	296	346
Contributions to pensions/superannuation funds	100	126
Compensation for loss of office	240	129
Other benefits	14	17
	2,660	3,246

Directors' emoluments above exclude aggregate gains made by Directors on the exercise of share options of Nil (2017: Nil).

10 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

(c) Directors' emoluments continued

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Share-based payment expense/(credit)	551	(503)
Number of Directors to whom superannuation or pension benefits accrued during the year	2	3

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
CEO	1	1
Exploration and technical	135	112
Commercial and support	196	170
	332	283

11 BUSINESS COMBINATIONS

Acquisition of producing assets from Santos Limited

On 6 September 2018, Ophir completed the acquisition of a package of Southeast Asian assets from Santos. Ophir acquired interests in three producing assets: (i) a 31.875% working interest in the Block 12W PSC in Vietnam; (ii) a 45% operated interest in the Sampang PSC in Indonesia; and (iii) a 67.5% operated interest in the Madura Offshore PSC in Indonesia for a total cash consideration of $148.7 million. The acquisition was part of Ophir's strategy to grow its production base further in order to self-fund its selective exploration, appraisal and development activities.

A gain on bargain purchase of $57.5 million was recognised on the acquisition being the excess of the fair value of net assets acquired as set out below, over the purchase consideration. The net asset fair values, in line with accounting standards, were determined, where applicable, and particularly in respect of oil and gas properties, by reference to oil and gas prices as reflected in the prevailing market view on the day of completion, as well as using estimates of proved oil and gas reserves and unproved volumes including timing of production, discount rates and exchange rates. Oil prices were based on the forward price curve for the first three years and $60 per barrel inflated at 2.5% for the remaining life of the asset. Gas prices were based on the relevant gas sales agreements in place at the time of acquisition.

Fair value of net assets acquired	$'000
Assets	
Non-current assets	
Oil and gas properties	278,102
Other long term receivables	75,260
Defined benefit asset	969
	354,331
Current assets	
Inventory	7,029
Trade and other receivables	24,906
Cash and cash equivalents	9,402
	41,337
Total assets	395,668
Liabilities	
Current liabilities	
Trade and other payables	(15,842)
Taxation payable	(8,269)
	(24,111)
Non-current liabilities	
Long term provisions	(68,951)
Deferred tax liability	(96,393)
	(165,344)
Total liabilities	(189,455)
Total	206,213

The gross amount of trade and other receivables equates to the fair value and it is expected that the full contractual amounts can be collected.

Acquisition costs of $6.5 million were recognised in other operating expenses in the consolidated income statement.

The acquired production assets contributed $85.1 million of revenue and $84.9 million of profit before tax (including the gain on bargain purchase) to the consolidated income statement since the date of acquisition. Had the acquisition date been 1 January 2018, the acquired production assets would have contributed $267.1 million of revenue and $229.5 million of profit before tax (including the gain on bargain purchase) to the consolidated income statement.

12 TAXATION

(a) Taxation (credit)/charge

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Current tax:		
Special remuneratory benefit	21,495	13,696
Other foreign tax	47,666	13,901
Special remuneratory benefit – adjustments in respect of prior periods	(24)	–
Other foreign tax – adjustments in respect of prior periods	(10)	4,997
Total current income tax charge	69,127	32,594
Deferred tax:		
Origination and reversal of temporary differences		
Special remuneratory benefit	(6,034)	27,378
Other foreign tax	(10,290)	(12,589)
Other foreign tax – adjustments in respect of prior periods	9,096	–
Total deferred income tax (credit)/charge	(7,228)	14,789
Tax charge in the consolidated income statement and statement of other comprehensive income	61,899	47,383

Special remuneratory benefit (SRB) is a tax that arises on one of the Group's assets, Bualuang in Thailand, at rates that vary from zero to 75% of annual petroleum profit depending on the level of annual revenue per cumulative metre drilled. The current rate for SRB for 2018 was 24% (2017: 18%). Petroleum profit for the purpose of SRB is calculated as revenue less a number of deductions including operating costs, royalty, capital expenditures, special reduction (an uplift of certain capital expenditures) and losses brought forward.

(b) Reconciliation of the total tax (credit)/charge

The tax benefit not recognised in the consolidated income statement and statement of other comprehensive income is reconciled to the Group's weighted average tax rate of 42.4% (2017: 48.4%). The weighted average tax rate for 2018 and 2017 is based on profit making jurisdictions only as this is deemed to be the most appropriate rate. The differences are reconciled below:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Loss on operations before taxation	(719,771)	(64,409)
(Loss)/profit on operations before taxation multiplied by the weighted average		
Corporate tax rate for the Group of 42.4% (2017: 48.4%)	(305,183)	(31,175)
Non-deductible expenditure	278,013	27,229
Share-based payments	2,507	762
Tax effect of SRB	7,719	20,537
Tax effect of equity accounted investments	(2,429)	(2,091)
Movement in unrecognised deferred tax assets	18,230	1,096
Other adjustments	2,062	6,349
Adjustment in respect of prior periods	9,085	(5,580)
Effect of different tax rates on loss making jurisdictions[1]	51,895	30,256
Total tax (credit)/charge in the consolidated income statement and statement of other comprehensive income	61,899	47,383

1 Loss making jurisdictions have been disregarded in the calculation of weighted average tax rate.

(c) Reconciliation of SRB charge to loss from operations before taxation

The taxation charge for SRB for the year can be reconciled to the loss from operations before tax per the consolidated income statement and statement of other comprehensive income as follows:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Loss from operations before taxation	(719,771)	(64,409)
Add back losses from operations before taxation for activities outside of Thailand	751,832	132,165
Profit from operations before taxation for activities in Thailand	32,061	67,756
Deduct share of profit of investments accounted for using the equity method	(4,858)	(4,181)
Loss before taxation for activities in Thailand	27,203	63,575
Applicable rate of SRB	24%	18%
Tax at the applicable rate of SRB	6,529	11,443
Change in average SRB deferred tax rate	(5,314)	13,697
Change in SRB rate compared to current SRB tax rate	669	619
Other non-deductible costs	13,577	8,124
Adjustment in respect of prior periods	(24)	7,191
Total SRB charge	15,437	41,074

12 TAXATION CONTINUED

(d) Deferred tax liability

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Deferred tax balances relate to the following:		
Corporation tax on fixed asset timing differences	(333,765)	(241,275)
SRB tax on fixed asset timing differences	(25,000)	(28,033)
Tax losses	5,217	4,817
	(353,548)	(264,491)

(e) UK unrecognised temporary differences

The Group has pre-trading expenditure and unused tax losses in the UK of $629million (2017: $694 million). Of this amount, pre-trading expenditure of $29 million (2017: $25 million) will expire in the future if the Company does not commence trading within seven years of the year in which the expenditure was incurred. Deferred tax assets have not been recognised in respect of these deductible temporary differences and unused tax losses as there is not sufficient certainty that taxable income will be realised in the future due to the nature of the Group's international exploration activities and the long lead times in either developing or otherwise realising exploration assets.

13 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
(Loss)/profit for the year	(781,670)	(111,792)
(Loss)/profit attributable to equity holders of the parent	(781,670)	(111,792)

	Cents	Cents
Basic (loss)/earnings per ordinary share	**(110.5)**	**(15.8)**
Diluted (loss)/earnings per ordinary share	**(110.5)**	**(15.8)**

	As at 31 Dec 2018	As at 31 Dec 2017
Number of shares (millions)		
Basic weighted average number of shares	707	706
Potentially dilutive share options and warrants	11	17
	718	723

No ordinary shares of 0.25p each have been issued on exercise of options and warrants between the year ended 31 December 2018 and the date of approval of these consolidated financial statements.

14 EXPLORATION AND EVALUATION ASSETS

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Cost		
Balance at the beginning of the year	247,944	310,229
Additions [1]	57,411	40,788
Disposal of asset	–	(150)
Transfers to oil and gas properties	–	(10,608)
Reclassified as assets held for sale	(9,219)	(15,663)
Expenditure written off [2]	(99,994)	(76,652)
Balance at the end of the year	196,142	247,944

1 Additions for the year ended 31 December 2018 included exploration activities in: Mexico Block 10 ($9.7 million), Equatorial Guinea Block R ($9.2 million subsequently reclassified as an asset held for sale and written off (see note 3)), Mexico Block 5 ($7.5 million), Paus Biru ($6.2 million), West Bangkanai ($4.2 million), Tanzania Block 1 ($3.4 million), Ophir Equatorial Guinea (EG-24) ($3.4 million), Myanmar ($3.1 million) and Mexico Block 12 ($2.2 million).

Additions for the year ended 31 December 2017 included exploration activities in: Equatorial Guinea Block R ($15.7 million subsequently reclassified as an asset held for sale), Myanmar ($2.9 million), West Papua IV ($4.6 million) and Mexico Block 5 ($8.5 million).

2 Expenditure written off in the year was $100 million mainly attributable to Myanmar ($43 million), West Papua IV ($31.3 million), Aru ($8.6 million), North Ganal ($7.3 million) and North East Bangkanai ($4.5 million).

Expenditure written off in 2017 was $77 million mainly attributable to Cote d'Ivoire ($32 million) and Gabon ($32 million).

The CGU applied for the purpose of the impairment assessment is the Blocks. The recoverable amount of each Block was nil. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current licence terms.

15 OIL AND GAS PROPERTIES

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Cost		
Balance at the beginning of the year	929,795	875,278
Acquisition of subsidiary	278,102	–
Additions[1]	60,051	43,909
Transfers from Exploration and evaluation assets	–	10,608
Balance at the end of the year	1,267,948	929,795
Depreciation and amortisation		
Balance at the beginning of the year	(230,126)	(176,278)
Charge for the year	(107,234)	(77,529)
Impairment (charge) reversal [2]	(13,500)	23,681
Balance at the end of the year	(350,860)	(230,126)
Net book value		
Balance at the beginning of the year	699,669	699,000
Balance at the end of the year	917,088	699,669

1 Additions in 2018 are stated net of a $7.9 million (2017:Nil) decommissioning remeasurement.

2 The 2018 impairment charge was due to revisions to cost estimates of future development phases on the Bangkanai asset in Indonesia. The Bangkanai asset has a recoverable amount of $248 million based on management's estimate of value in use. The discount rate used was 12% (pre-tax).

The 2017 impairment reversal was due to further increased reserves related to the Bualuang infill drilling results in Thailand which had a recoverable amount of $424 million in 2017 based on management's estimate of value in use. The discount rate used was 22% (pre-tax).

16 OTHER PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	12,194	11,991
Additions	47	203
Disposals	(235)	–
Balance at the end of the year	12,006	12,194
Depreciation		
Balance at the beginning of the year	(9,983)	(8,285)
Depreciation charge for the year	(772)	(1,698)
Disposals	129	–
Balance at the end of the year	(10,626)	(9,983)
Net book value		
Balance at the beginning of the year	2,211	3,706
Balance at the end of the year	1,380	2,211

17 OTHER LONG TERM RECEIVABLES

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Security deposits – Rental properties	2,447	2,356
Amounts held in Escrow [1]	75,685	–
Other long term receivables	12,936	18,849
	91,068	21,205

1 Amounts held in Escrow relate to funds held in joint operations' bank accounts for decommissioning activities.

18 INVENTORY

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Oil and condensate	5,820	3,988
Materials and consumables	27,697	36,659
	33,517	40,647

The inventory valuation is stated net of a provision of $14.9 million (2017: $10.1 million) to write inventories down to their net realisable value.

19 TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Trade and other debtors	50,994	20,877
Prepayments	7,982	3,779
	58,976	24,656

All debtors are current. There are no receivables that are past due or impaired, and therefore no expected credit losses have been recognised. See Note 26 for more details on how the Group manages its credit risk. Trade and other debtors primarily relate to receivables from joint operation partners.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

20 CASH AND CASH EQUIVALENTS

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Cash	192,871	99,822
Cash equivalents	130,543	123,957
	323,414	223,779

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $323.4 million (2017: $223.8 million).

Cash and cash equivalents at 31 December 2018 includes $33.5 million (2017: $11.5 million) of restricted bank guarantees.

21 TRADE AND OTHER PAYABLES

	As at 31 Dec 2018 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000	As at 31 Dec 2017 $'000
	Within 1 year	After 1 year	Within 1 year	After 1 year
Trade payables	26,383	–	9,058	–
Accruals and deferred income	67,116	14,739	42,219	15,279
Payables in relation to joint operation partners	5,485	–	1,097	–
	98,984	14,739	52,374	15,279

Trade payables are unsecured and are usually paid within 30 days of recognition.

22 INTEREST BEARING BANK LOANS

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Long-term balance at the beginning of the year	–	83,915
Short-term balance at the beginning of the year	–	9,741
Additions during the year	245,699	–
Less: amounts repaid during the year	–	(93,656)
Less: amounts due within one year	(103,200)	–
Total borrowings due after one year	142,499	–

In 2017, Ophir repaid its outstanding debt on the 2012 reserves based lending (RBL) facility. Ophir replaced this facility with a new $250 million RBL facility secured against the Group's producing assets in Southeast Asia. This facility originally had a seven-year term due to mature 30 June 2024. In addition to the committed $250 million, a further $100 million was available on an uncommitted "accordion" basis.

Interest will accrue at a rate of between 4% and 4.5% plus LIBOR depending on the maturity of the facility. $150 million was drawn down from the RBL facility in July 2018.

In May 2018, Ophir announced it had agreed to acquire a package of Southeast Asian assets from Santos Limited, as described in Note 11. In order to fund the Santos acquisition, an 18-month bridge facility of up to $130 million was signed in August 2018. On completion of the acquisition, $103 million was drawn down from the facility. Fees of $7.2 million were incurred in relation to the facility.

In December 2018 Ophir exercised the accordion on the RBL facility and increased the facility by $100 million to $350 million and the maturity was extended by 18 months to 31 December 2025. The increased facility would be used to pay down the bridge and as such fees of $7.2m incurred in relation to the bridge were written off to the income statement. In January 2019, the bridge facility was fully repaid.

Fees totaling $8.8 million have been incurred in relation to the RBL facility and are being amortised over the term of the facility. The borrowing base amount available on the facility as at 31/12/2018 was $68 million.

23 BONDS PAYABLE

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Balance at the beginning of the year	106,651	106,651
Coupon interest charged	10,218	10,218
Interest paid	(10,219)	(10,218)
Balance at the end of the year	106,650	106,651

The unsecured callable bonds were issued by Salamander Energy plc in December 2013 at an issue price of $150 million. The bonds have a term of six years and one month and will be repaid in full at maturity. The bonds carry a coupon of 9.75% and were issued at par.

24 NET DEBT

Net debt is calculated as interest bearing bank borrowings as shown on the balance sheet, less the issue costs associated with the borrowings which have yet to be amortised, less fair value adjustments at initial recognition, less cash and cash equivalents. Ophir believes this provides useful information to investors and enables investors to see the effect of gross debt and cash and cash equivalents in total.

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Amounts due on maturity:		
Interest bearing bank loans (see Note 22)	(245,699)	–
Bonds payable (see Note 23)	(106,650)	(106,651)
Total borrowings	(352,349)	(106,651)
Less: Issue costs not yet amortised	(7,501)	–
Less: Fair value adjustments at initial recognition	1,850	1,850
Total gross debt	(358,000)	(104,801)
Less cash and cash equivalents (see Note 20)	323,414	223,779
Total net(debt)/ cash	(34,586)	118,978

At the balance sheet date, the bank borrowings are calculated to be repayable as follows:

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
On demand or due within one year	103,200	–
In the second year	106,650	–
In the third to fifth year inclusive	–	106,651
After five years	142,499	–
Total principal payable on maturity	352,349	106,651

25 PROVISIONS

	Decommissioning and restoration of oil and gas $'000	Litigation and other claims $'000	Other provision $'000	Total $'000
At 31 December 2017	51,257	–	9,407	60,664
Arising during the period	–	–	24,704	24,704
Acquisition	68,951	–	–	68,951
Utilised/paid	–	–	(507)	(507)
Unwinding of discount (Note 7)	2,579	–	–	2,579
Amounts released	–	–	–	–
Additions	7,889	–	–	7,889
At 31 December 2018	130,676	–	33,604	164,280
Balance at the end of the year				
Current	–	–	33,604	33,604
Non-current	130,676	–	–	130,676

Decommissioning and restoration of oil and gas assets

The decommissioning of oil and gas properties is expected to fall due from 2021 onwards.

Other provisions

Amounts provided at 31 December 2018 comprise:

- $16.3 million (2017: $8.9 million) representing the unavoidable net cost of exiting a contract;
- $9.5 million in respect of onerous leases (2017: nil); and
- $7.8 million (2017: $0.5 million) representing the organisational changes as part of the Ophir Board's strategy to reduce the Company's underlying cost base in recognition of lower exploration activity.

26 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the interest-bearing bank loans and bonds payable as disclosed in Notes 22 and 23 of these consolidated financial statements, cash and cash equivalents as disclosed in Note 20 of these consolidated financial statements, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 27, 30 and 31 of these consolidated financial statements and in the consolidated statement of changes in equity. This is further discussed in the Principal risks section of these Annual Report and Accounts.

To maintain or adjust the capital structure, the Group may issue new shares for cash, engage in active portfolio management, or other such restructuring activities as appropriate.

Gearing ratio

Management reviews the capital structure on a continuing basis. The gearing ratio is defined as net debt divided by equity attributable to equity holders of the Company plus net debt. At the year-end it was calculated as follows:

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Net (debt)/cash (see Note 24)	(34,586)	118,978
Equity plus net debt	(730,256)	(1,342,331)
Gearing ratio	4.7%	(8.9)%

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which the income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the statement of accounting policies.

Financial assets and liabilities

Current assets and liabilities

Management consider that due to the short-term nature of current assets and liabilities, the carrying values equates to their fair value.

Non-current assets and liabilities

The carrying value and fair values of non-current financial assets and liabilities are shown in the following tables:

	As at 31 Dec 2018 $'000	**As at 31 Dec 2018 $'000**	As at 31 Dec 2017 $'000	As at 31 Dec 2017 $'000
	Carrying value	**Estimated fair value**	Carrying value	Estimated fair value
Financial assets:				
Security deposits	2,447	2,447	2,356	2,356
Amounts held in Escrow	75,685	75,685	–	–
Financial liabilities:				
Interest-bearing bank loans	(245,699)	(257,366)	–	–
Bonds payable	(106,650)	(106,765)	(106,651)	(109,870)

Financial risk management

The Group's principal financial assets and liabilities comprise trade and other receivables, cash and cash equivalents, short-term investments and trade and other payables, interest-bearing bank loans, bonds payable, security deposits and derivative liabilities, which arise directly from its operations. Details are disclosed in Notes 19 to 23 of these consolidated financial statements. The main purpose of these financial instruments is to manage short-term cash flow and provide finance for the Group's operations.

The Group's senior management oversees the management of financial risk and the Board of Directors has established an Audit Committee to assist in the identification and evaluation of significant financial risks. Where appropriate, consultation is sought with an external adviser to determine the appropriate response to identified risks. The Group does not trade in derivatives for speculative purposes.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are commodity, credit, interest rate, foreign currency and liquidity risks.

(a) Commodity price risk

The Group's policy is to consider oil and gas price hedging when and where it is economically attractive to lock-in prices at levels that protect the cash flow of the Group, its business plan and debt related coverage ratios. All hedging transactions to date have been related directly to expected cash flows and no speculative transactions have been undertaken.

In order to execute its Risk Management Strategy, the Group uses a derivative instrument which sets a floor on the price it receives on the sale of oil by giving up some of the upside profit potential.

In 2018 Ophir entered into two price swaps with a syndicate of banks as described below.

2018 Hedges

In August 2018, the Group purchased, with zero cost structure, a Brent swap at an average $70.24/bbl and a call at an average price of $78.24/bbl, both for 2,000 bpd. The hedging relationship is for a period of 12 months, based on 30% of the Group's share of production from the Block 12W PSC in Vietnam.

In November 2018, the Group purchased, with a zero cost structure, a Brent swap at an average $56.00/bbl and a call at an average price of $66.47/bbl, both for 2,000 bpd. The hedging relationship is for a period of 12 months, based on 26% of the forecast production from the Bualuang oil field in Thailand.

26 FINANCIAL INSTRUMENTS CONTINUED

As at 31 December 2018, the fair value of outstanding commodity contracts amounted to an asset of $9.9 million. For cash flow hedges the effective portion of the hedges are recognised in OCI and reclassified to profit and loss in the same period during which the hedged cash flows affect profit or loss. The amount in equity at 31 December 2018 is $9.9 million maturing in 2019. $8 million of cash flow hedges have been reclassified to the income statement in 2018.

2017 Hedges

In late 2017, the Group hedged approximately 27% of its 2018 production. The Group purchased, with a zero cost structure, a Brent swap at an average $59.68/bbl and a call at an average price of $68.08/bbl, both for 3,200 bpd. The hedging relationship is for a period of 12 months, based on forecast cash flows.

As at 31 December 2017, the fair value of outstanding commodity contracts amounted to a liability of $3.5 million. Before 1 January 2018, the Group only claimed hedge accounting for the intrinsic value of the contract with any fair value attributable to time value taken immediately to the income statement. The amount in equity at 31 December 2017 was $5.8 million maturing in 2018, with $2.3 million recognised in other financial gains.

The impact of the hedging instruments on the statement of financial position is, as follows:

	Notional amount $'000	Carrying amount $'000	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at 31 December 2018				
Oil price cash flow hedges	92,104	9,970	Derivative financial instruments	13,552
As at 31 December 2017				
Oil price cash flow hedges	78,431	(3,582)	Derivative financial instruments	(5,882)

The impact of hedged items on the statement of financial position is as follows:

	31 December 2018			31 December 2017		
	Change in fair value used for measuring ineffectiveness $'000	Cash flow hedge reserve $'000	Cost of hedging reserve $'000	Change in fair value used for measuring ineffectiveness $'000	Cash flow hedge reserve $'000	Cost of hedging reserve $'000
Highly probable forecast sales	13,552	9,970	–	(5,882)	(5,882)	–

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

	Total hedging gain/(loss) recognised in OCI $'000	Ineffectiveness recognised in profit or loss $'000	Cost of hedging recognised in OCI $'000	Amount reclassified from OCI to profit or loss $'000	Line item in the statement of profit or loss $'000
Year ended 31 December 2018					
Highly probable forecast sales	13,552	–	–	7,968	Revenue
Year ended 31 December 2017					
Highly probable forecast sales	(5,882)	–	–	–	–

(b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk of third parties is the aggregate of the carrying value of its security deposits, amounts held in Escrow, cash and cash equivalents, short-term investments and trade and other receivables.

In respect of the Group's trade sales, the Group manages credit risk through dealing with, whenever possible, either international energy companies or state owned companies based in Thailand and Indonesia and obtaining sufficient collateral where appropriate. The Group consistently monitors counterparty credit risk. An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due. The carrying value of financial assets recorded in these financial statements represents the Group's maximum exposure to credit risk at the year-end without taking account of any collateral obtained. In addition, the Group's operations are typically structured via contractual joint venture arrangements. As such the Group is reliant on joint venture partners to fund their capital or other funding obligations in relation to assets and operations which are not yet cash generative. The Group closely monitors the risks and maintains a close dialogue with those counterparties considered to be highest risk in this regard.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2018					
Current financial assets					
Cash and cash equivalents	222,281	96,986	3,681	466	323,414
Trade and other receivables	–	–	–	37,503	37,503
	222,281	96,986	3,681	37,969	360,917
Non-current financial assets					
Amounts held on Escrow	–		75,685	–	75,685
Security deposits	–	–	–	2,447	2,447
	–	–	–	2,447	2,447

1 The equivalent S&P rating of the financial assets represents the rating of the counterparty with which the financial asset is held rather than the rating of the financial asset itself.

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	No default customers $'000	Total $'000
Year ended 31 December 2017					
Current financial assets					
Cash and cash equivalents	147,865	69,537	6,324	53	223,779
Trade and other receivables	–	–	–	12,515	12,515
	147,865	69,537	6,324	12,568	236,294
Non-current financial assets					
Security deposits	–	–	–	2,356	2,356
	–	–	–	2,356	2,356

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with which the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than 12 months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

26 FINANCIAL INSTRUMENTS CONTINUED

(c) Interest rate risk

The Group is exposed to interest rate movements through its interest-bearing bank loans, bonds payable, cash and cash equivalent deposits and short-term investments, which are at rates fixed to LIBOR.

The sensitivity analysis below has been determined based on the Group's exposure to an interest rate movement and is prepared assuming the amount of the net debt outstanding at the balance sheet date was outstanding for the whole year.

For net debt, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2018 would have increased by $0.1 million (2017: loss decrease $0.5 million) or decreased by $0.1 million (2017: increase $0.5 million) respectively.

The sensitivity in 2018 was maintained at 0.5% as interest rate volatilities remain similar to those in the prior period.

(d) Foreign currency risk

The Group has currency exposures arising from assets and liabilities denominated in foreign currencies and transactions executed in currencies other than the respective functional currencies.

The Group, with the exception of Ophir Services Pty Ltd, has adopted US Dollars as its functional and reporting currency as this represents the currency of its primary economic environment as the majority of the Group's funding and expenditure is US Dollars. Ophir Services Pty Ltd has adopted the Australian Dollar as its functional currency.

The Group's exposure to foreign currency risk is managed by holding the majority of its funds in US Dollars, as a natural hedge, with remaining funds being held mainly in Pounds Sterling (GBP), Australian Dollars (AUD), Euros (EUR) and Thailand Baht (THB) to meet commitments in those currencies.

The main underlying economic currency of the Group's cash flows is the US Dollar. This is because Ophir's products, oil and gas, are priced internationally in US Dollars. Ophir's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US Dollar.

For highly probable forecast cash flows the Group fixes the US Dollar of non-US dollar sales by using currency forwards. The exposure mainly relates to the Thai Baht. At 31 December 2018, there are no open positions hedging these exposures (2017: No open positions).

As at 31 December 2018, the Group's predominant exposure to foreign exchange rates related to cash and cash equivalents held in GBP by companies with US Dollar functional currencies.

At the statement of financial position date, the Group's net debt had the following exposure to GBP, THB and AUD foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Financial assets		
Cash and cash equivalents		
AUD	–	224
GBP	9,747	3,143
THB	4,304	63,916
IDR	461	–
VND	2,168	–
Other	274	–
	16,954	67,283
Net exposure	**16,954**	**67,283**

The following table demonstrates the sensitivity to reasonable possible changes in GBP, AUD and THB against the US Dollar exchange rates with all other variables held constant, of the Group's (loss)/profit before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax higher/(lower)		Equity higher/(lower)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
US Dollar to GBP +5% (2017: +5%)	443	87	443	87
US Dollar to GBP -5% (2017: -5%)	(443)	(87)	(443)	(87)
US Dollar to AUD +5% (2017: +5%)	(1)	(2)	(1)	(2)
US Dollar to AUD -5% (2017: -5%)	1	2	1	2
US Dollar to THB +5% (2017: +5%)	760	3,039	760	3,039
US Dollar to THB -5% (2017: -5%)	(760)	(3,039)	(760)	(3,039)
US Dollar to IDR +5% (2017: +5%)	(5,519)	–	(5,519)	–
US Dollar to IDR -5% (2017: -5%)	5,519	–	5,519	–
US Dollar to VND +5% (2017: +5%)	105	–	105	–
US Dollar to VND -5% (2017: -5%)	(105)	–	(105)	–

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

— Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecast expectations.

— The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Group.

(e) Liquidity risk

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents, and borrowing facilities to meet its forecast short, medium and long-term commitments. The Group continually monitors its actual and forecast cash flows to ensure that there are adequate reserves and banking facilities to meet the maturing profiles of its financial assets and liabilities.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group was required to pay at the balance sheet date.

	As at 31 December 2018						
	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	Greater than 5 years $'000	Total $'000
Non-interest bearing	(91,578)	–	–	–	–	–	(91,578)
Variable interest rate instruments	(103,200)	–	–	–	–	(142,499)	(245,699)
Fixed interest rate instruments:							
– Bond payable	–	(106,650)	–	–	–	–	(106,650)
Total	(194,778)	(106,650)	–	–	–	(142,499)	(443,927)

	As at 31 December 2017						
	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	Greater than 5 years	Total
Non-interest-bearing	(50,499)	–	–	–	–	–	(50,499)
Variable interest rate instruments	–	–	–	–	–	–	–
Fixed interest rate instruments:							
– Bond payable	–	–	(106,651)	–	–	–	(106,651)
Oil price derivatives	(3,582)	–	–	–	–	–	(3,582)
Total	(54,081)	–	(106,651)	–	–	–	(160,732)

Additionally, Notes 33 and 34 of these consolidated financial statements set out the Group's outstanding financial commitments at the year end.

26 FINANCIAL INSTRUMENTS CONTINUED

(f) Disclosure of fair values

The carrying values of security deposits, borrowings and derivative financial instruments are disclosed in the financial statements as at 31 December 2018. The fair values of these assets and liabilities are disclosed in the table of financial assets and liabilities on page 115 of these consolidated financial statements.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of the Group's deposits and amounts held in Escrow approximate their fair value and are categorised within level 1 of the fair value hierarchy. The fair value of the Group's NOK bond is determined using quoted prices in active markets, and so fall within level 1 of the fair value hierarchy.

The fair values of other long-term borrowings are determined using discounted cash flow analysis and are consequently categorised in level 2 of the fair value hierarchy. Commodity hedges are provided by banks using industry standard models that consider various assumptions, including quoted forward prices, time value and other relevant economic factors. These derivative contracts are categorised within level 2 of the fair value hierarchy.

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Level 1	(28,519)	(107,514)
Level 2	(235,729)	(3,582)
Level 3	–	–
	(264,248)	(111,096)

There were no transfers between fair value levels during the year.

(g) Changes in liabilities arising from financing activities

	1 January 2018 $'000	Cash flows $'000	Other $'000	31 December 2018 $'000
Current interest-bearing bank borrowings	–	103,200	–	103,200
Non-current interest-bearing bank borrowings	–	150,000	(7,501)	142,499
Bonds payable	106,651	–	(1)	106,650
Total liabilities from financing activities	106,651	253,200	(7,502)	352,349

	1 January 2017 $'000	Cash flows $'000	Other $'000	31 December 2017 $'000
Current interest-bearing bank borrowings	9,741	(9,741)	–	–
Non-current interest-bearing bank borrowings	83,915	(83,915)	–	–
Bonds payable	106,651	–	–	106,651
Total liabilities from financing activities	200,307	(93,656)	–	106,651

The 'Other' column includes the effect of amortised fees and accrued interest.

27 CALLED UP SHARE CAPITAL

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407 (2017: 746,019,407)	3,061	3,061
In issue at the end of the year 746,019,407 (2017: 746,019,407)	3,061	3,061

The balances classified as called up, allotted and fully paid share capital represent the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

28 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 Dec 2018 %	As at 31 Dec 2017 %
Company		
APICO LLC	27.18	27.18
APICO (Khorat) Holdings LLC	27.18	27.18
APICO (Khorat) Limited	27.18	27.18

The investments in the jointly controlled entities have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements.

APICO LLC is a limited liability company formed in the State of Delaware, USA. APICO LLC wholly owns APICO (Khorat) Holdings LLS, a limited liability company formed in the State of Delaware, USA. APICO (Khorat) Holding LLC wholly owns APICO (Khorat) Limited, which is a Thai limited company that was incorporated and has its principal place of business in the Kingdom of Thailand.

The Group's primary business purpose is the acquisition, exploration, development and production of petroleum interests in the Kingdom of Thailand.

The Group's share of the results of its joint venture and the Group's share of its assets and liabilities as at 31 December 2018 are shown in the tables below:

Results for the year ended	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Sales and other operating revenues	13,709	12,215
Profit before interest and taxation	9,107	7,213
Net finance costs	(209)	(136)
Profit before taxation	8,898	7,077
Taxation	(4,040)	(2,896)
Profit for the period	4,858	4,181

Summarised financial information of APICO LLC

Results for the year ended	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Sales and other operating revenues	50,437	44,941
Profit before interest and taxation	33,601	26,537
Net finance costs	(769)	(500)
Profit before taxation	32,738	26,037
Taxation	(14,866)	(10,654)
Profit for the period	17,872	15,383

Ophir's share of assets and liabilities	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Non-current assets	45,165	46,147
Current assets	6,325	3,903
Total assets	51,490	50,050
Current liabilities	(6,079)	(4,760)
Non-current liabilities	(1,596)	(2,077)
Total liabilities	(7,675)	(6,837)
Net assets	43,815	43,213

The following table shows the movement in investments in the jointly controlled entities:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Balance at the beginning of the year	120,964	130,736
Additions	1,824	370
Impairment[1]	(45,000)	(7,800)
Share of profit of investments	4,858	4,181
Dividends received	(6,562)	(6,523)
Balance at the end of the year	76,084	120,964

1 The 2018 impairment was due to changes in resource estimates. The Sinphuhorm asset had a recoverable amount of $76.1 million based on management's estimate of value in use. The discount rate used was a pre-tax rate of 17% (2017: 14%).

2 The 2017 impairment was due to the effect of lower nominations and reclassification of reserves to resources. The Sinphuhorm asset had a recoverable amount of $121 million based on management's estimate of value in use. The discount rate used was a pre-tax rate of 14%.

29 TREASURY SHARES

Ordinary shares of 0.25p each held by the Group as treasury shares	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Balance at the beginning of the year 39,710,823 (2017: 39,918,385)	152	153
Disposed of on exercise of share options during the year: 903,240 (2017: 207,562)	(3)	(1)
Balance at the end of the year 38,807,583 (2017: 39,710,823)	149	152

Treasury shares represent the cost of shares in the Company purchased in the market and held by the Company to satisfy options under the Group's employee incentive share option plans (refer to Note 32 of these consolidated financial statements). During 2018 Nil shares were purchased (2017: Nil).

30 RESERVES

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Treasury shares (Note 29)	(149)	(152)
Other reserves (Note 31)	692,758	1,458,680
	692,609	1,458,528
Non-controlling interest [1]	–	(280)
	692,609	1,458,248

1 The non-controlling interest relates to Dominion Uganda Ltd, where the Group acquired a 95% shareholding during 2012.

31 OTHER RESERVES

	Share premium[1] $'000	Capital redemption[2] reserve $'000	Option premium[3] reserve $'000	Consolid-ation[4] reserve $'000	Merger reserve[5] $'000	Equity component on convertible bond[6] $'000	Foreign currency translation[7] reserve $'000	Cash flow hedges[8] $'000	Accumulated profits/ (losses) $'000	Total other reserves $'000
As at 1 January 2017	807,427	160	57,794	(500)	667,337	669	5,569	–	33,993	1,572,449
Profit for the period, net of tax	–	–	–	–	–	–	–	–	(111,792)	(111,792)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	(5,882)	–	(5,882)
Total comprehensive loss, net of tax	–	–	–	–	–	–	–	(5,882)	(111,792)	(117,674)
Share-based payment	–	–	3,905	–	–	–	–	–	–	3,905
Transfers within reserves	–	–	–	–	(341,792)	–	–	–	341,792	–
As at 31 December 2017	807,427	160	61,699	(500)	325,545	669	5,569	(5,882)	263,993	1,458,680
Adjustment on adoption of IFRS 9								2,300	(2,300)	
At 1 January 2018	807,427	160	61,699	(500)	325,545	669	5,569	(3,582)	261,693	1,458,680
Loss for the period, net of tax	–	–	–	–	–	–	–	–	(781,670)	(781,670)
Other comprehensive income/ (loss), net of tax	–	–	–	–	–	–	(31)	13,552	–	13,521
Total comprehensive income, net of tax	–	–	–	–	–	–	(31)	13,552	(781,670)	(768,149)
Disposal of subsidiary	–	–	–	–	–	–	–	–	(280)	(280)
Share-based payment	–	–	2,507	–	–	–	–	–	–	2,507
Transfers within reserves	–	–	(7,868)	–	–	–	–	–	7,868	–
As at 31 December 2018	807,427	160	56,338	(500)	325,545	669	5,538	9,970	(512,389)	692,758

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.

2 The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.

3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.

4 The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity.

5 In 2017, the premium arising on the 2012 Dominion Petroleum acquisition, which was classified within the merger reserves according to the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613), was realised to accumulated profits/(losses)as a result of the full impairment of the Dominion Group in previous years.

6 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.

7 The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.

8 The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. It includes $9.9 million relating to commodity price hedges which will only be reclassified to the income statement once the forecast sale occurs. For further information on the accounting for cash flow hedges see Note 2.3 (e) financial instruments.

32 SHARE-BASED COMPENSATION

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determines the vesting terms, if any, subject to the provision that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long-Term Incentive Share Option Plan

On 26 May 2011, the Board resolved to establish the Ophir Energy Long-Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three-year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three-year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan

On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the Trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP awards as and when they are exercised. No shares have been acquired by the Trust.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2018 Number	**2018 WAEP**	2017 Number	2017 WAEP
Outstanding options at the beginning of year	16,807,901	$0.87/£0.65	19,285,299	$0.48/£0.36
Shares re-granted[1]	22,407	$0.32/0.25p	–	–
Exercised during the year	(903,240)	0.24c/0.18p	(207,562)	0.34c/0.25p
Expired during the year	(4,630,926)	$1.14/0.85p	(2,269,836)	$1.38/£1.02
Outstanding options at the end of year	11,296,142	$0.68/£0.51	16,807,901	$0.87/£0.65
Exercisable at end of year	2,391,153	$1.82/£1.36	2,176,460	$2.78/£2.07

1 A minor amendment has been made to the number of shares re-granted for employee share-based payment plans in 2016.

There were no share options granted in 2018. No share options granted in 2017.

(b) Share-based payments to Directors

During the year a total of nil (2017: nil) options to acquire ordinary shares were granted to Directors under the Ophir Energy Long-Term Incentive Plan.

During the year nil options (2017: nil) were granted to Directors under the Ophir Energy Company 2006 Share Option Plan.

33 OPERATING LEASE COMMITMENTS

At 31 December 2018 the Group was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 2018 $'000	As at 2017 $'000
Due within one year	17,303	16,623
Due later than one year but within five years	72,043	66,820
Due later than five years	6,584	24,037
	95,930	107,480

34 CAPITAL COMMITMENTS – EXPLORATION

In acquiring its oil and gas interests, the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments in the following table are an estimate of the net cost to the Group of performing these work programmes:

	As at 2018 $'000	As at 2017 $'000
Due within one year	3,635	4,830
Due later than one year but within two years	1,180	26,940
Due later than two years but within five years	28,660	90
	33,475	31,860

35 CONTINGENT LIABILITIES

An individual has commenced claims against the Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within the portfolio. The individual's primary claim was dismissed in February 2018. The individual has filed an appeal against the decision but a loss at first instance supports the Group's view that the claims are without merit and accordingly the Group has estimated that no liability will arise as a result of proceedings and therefore no provision for any liability has been made in these financial statements.

Santos acquisition

As described in Note 11, Ophir completed the acquisition of three producing assets from Santos on 6 September 2018. As part of this transaction, it was agreed that Ophir would also acquire four exploration assets as set out below:

(i) a 20% non-operated interest in the Deepwater Block R PSC in Sabah, Malaysia;

(ii) a 50% operated interest in Block 123 PSC in the frontier Phu Khanh Basin, Vietnam;

(iii) a 40% non-operated interest in Block 124 PSC in the frontier Phu Khanh Basin, Vietnam; and

(iv) a 45% operated interest in Block SS-11 PSC, Bangladesh

The acquisition of Block R in Malaysia completed in December 2018. The other assets have not yet completed and are conditional on regulatory consents. If completion of any or all of the remaining exploration assets is terminated, Ophir has agreed to pay Santos an amount in recognition of the ongoing commitments in respect of these exploration licences that Santos will indirectly retain as a result of such termination. Ophir's best estimates of these ongoing work commitments as at 31 December 2018 are set out below.

Asset	Principal place of business	Estimated work commitment
Block 123	Vietnam	$14.3 million
Block 124	Vietnam	$6.0 million
Block SS-11	Bangladesh	$5.5 million

36 SUBSIDIARY UNDERTAKINGS, JOINT VENTURES, ASSOCIATES AND MATERIAL JOINT OPERATIONS

Subsidiary undertakings

A complete list of Ophir Energy plc Group companies at 31 December 2018, and the Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these consolidated financial statements on pages 140 to 144. All of these subsidiaries have been included in these consolidated financial statements on pages 87 to 126.

The following joint operations are considered individually material to the Group as at 31 December 2018.

Asset	Principal place of business	Activity
Block 1[1]	Tanzania	Exploration
Block 4[2]	Tanzania	Exploration
Bangkanai (Kerendan)[3]	Indonesia	Exploration and production
Madura Offshore PSC[4]	Indonesia	Development and Production
Sampang PSC[5]	Indonesia	Exploration and Production
Block 12W[6]	Vietnam	Production

1 This concession is operated by Shell in which the Group has a 20% interest.

2 This concession is operated by Shell in which the Group has a 20% interest.

3 This concession is operated by the Group and it has a 70% interest.

4 This concession is operated by the Group and it has a 67.5% interest.

5 This concession is operated by the Group and it has a 45% interest.

6 This concession is operated by Premier oil in which the Group has a 31.875% interest.

Capital commitments relating to these projects are included in Note 34 of these consolidated financial statements. There are no contingent liabilities associated with these projects. Refer to Note 2.3(l) of these consolidated financial statements for the Group's accounting policy for jointly controlled assets and liabilities.

37 RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group has related party relationships with its subsidiaries (refer to Note 7 of the Company financial statements), joint ventures (refer to Note 21, Note 19 and Note 36 of these consolidated financial statements) and its Directors.

Recharges from the Company to subsidiaries in the year were nil (2017: $3,062,812). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of these consolidated financial statements.

38 DEFINED BENEFIT PENSION PLAN

Ophir operates a post-employment defined benefit arrangement in Indonesia, as regulated under the Indonesian Law No. 13/2003. The arrangement covers two sets of employees, one set under the Bangkanai PSC and one set under the Sampang PSC acquired from Santos in September 2018. Prior to the acquisition of the Santos assets, the defined benefit scheme under the Bangkanai PSC was considered immaterial to the group, and therefore full IAS 19 disclosures were not presented. Since the acquisition, the Group now considers this a material disclosure and have presented IAS 19 disclosures below. The arrangement covers retirement, death, disability and voluntary resignation benefits, which are based on final wages. The actuarial valuations of scheme assets and the present value of the defined benefit obligation have been carried out at 31 December 2018 and 31 December 2017. The key actuarial assumptions applied in determining the present value of the defined benefit obligations, the related current service cost and past service cost, which are measured using the projected unit credit method, are as follows:

Key economic assumptions used:

	2018	2017
Discount rate	7% – 8.5%	7.5%
Wage increases[1]	4% – 6.5%	6.5%
Weighted average duration of obligation	8.03 years	13.9 years

1 Includes the effect of inflation

Mortality and disability rates

The mortality rates for 2017 and 2018 follow the Indonesia Mortality Table 2011 (TMI III). The disability rate is set at 5% of the mortality rate for each year.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2018 $'000	2017 $'000
Current service cost	794	533
Past service cost	–	(122)
Net interest cost	124	113
Foreign exchange		
	918	524

Financial disclosures

Recognised in other comprehensive income:

	2018 $'000	2017 $'000
Actuarial gain/(loss)	189	(252)
Return on plan assets (excluding amounts in net interest)	(22)	–
	167	(252)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2018 $'000	2017[1] $'000
Present value of defined benefit obligations	(13,159)	(1,988)
Fair value of scheme assets	11,888	349
Net liability recognised in the balance sheet	(1,271)[2]	(1,639)

1 The present value of defined benefit obligations and the fair value of scheme assets in 2017 were disclosed with trade and other payable and trade and other receivables respectively in the 2017 statement of financial position.

2 $1,257,000 is classed as short term and is disclosed within trade and other payables in the statement of financial position. $14,000 is classed as long term and is disclosed within net defined benefit liability in the statement of financial position.

38 DEFINED BENEFIT PENSION PLAN CONTINUED

Movements in the present value of defined benefit obligations were as follows:

	2018 $'000	2017 $'000
At 1 January	(1,988)	(1,420)
Acquisition	(10,891)	–
Service cost	(794)	(411)
Interest cost	(124)	(113)
Foreign exchange gains and (losses)	16	208
Actuarial gains and (losses)	167	(252)
Benefits paid	455	–
	(13,159)	(1,988)

Movements in the fair value of scheme assets were as follows:

	2018 $'000	2017 $'000
At 1 January	349	784
Acquisition	10,604	–
Interest income	183	–
Foreign exchange gains and (losses)	(304)	–
Return on plan assets (excluding amounts included in net interest cost)	22	–
Contributions from the employer	1,640	–
Benefits paid	(606)	(435)
	11,888	349

The Sampang plan assets ($10.5 million) are held in money market instruments and the Bangkanai assets ($1.4 million) are held in deposit accounts. The carrying value of the plan assets equates to its fair value.

The group does not expect to make any contributions to the plan in 2019.

Risk factor and sensitivity analyses

Changes in the regulatory and legislative environment could increase the cost of compliance and affect our provisions. Potential changes to pension or financial market regulation could also impact funding requirements of the group.

The discount rate and salary growth have a significant effect on the amounts reported. A one percentage point change, in isolation, in certain assumptions as at 31 December 2018 for the group's plans would have had the effects shown in the table below.

Decrease/(increase) in defined benefit obligation	**2018 $'000**	2017 $'000
Discount rate		
1% increase	252	223
1% decrease	(290)	(264)
Future salary increases		
1% increase	(393)	(274)
1% decrease	356	234

39 EVENTS AFTER THE REPORTING PERIOD

On 30 January 2019 the Board of Ophir reached agreement with Medco Energi Global for the recommended acquisition of the entire issued share capital of Ophir Energy plc for a cash consideration of 55 pence per share. On 1 March 2019, the Company issued a formal scheme document to all shareholders setting out the details of the recommended cash acquisition of Ophir Energy plc by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The scheme document contained details for the transaction timetable, with a shareholder vote to be made at a general meeting convened for 25 March 2019, followed by a Court sanction on the same day, and with an agreed deal completion long-stop date of 20 June 2019. Following a successful shareholder vote and an approved court sanction, the shares of Ophir Energy plc would be delisted from the London Stock Exchange.

In January 2019, $100 million was drawn down from the increased RBL facility and used to repay the $103.2 million Bridge facility.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 $'000	2017 $'000
Non-current assets			
Property, plant and equipment	6	–	–
Investments in subsidiaries	7	738,016	1,260,298
Financial assets	8	1,959	2,079
		739,975	**1,262,377**
Current assets			
Trade and other receivables	10	1,772	1,578
Cash and cash equivalents	11	55,260	127,934
		57,032	129,512
Total assets		**797,007**	**1,391,889**
Current liabilities			
Trade and other payables	12	(10,243)	(54)
Taxation payable		(25)	(25)
Provisions	9	(10,032)	–
Total liabilities		**(20,300)**	**(79)**
Net assets		**776,707**	**1,391,810**
Capital and reserves			
Called up share capital	14	3,061	3,061
Treasury shares	15	(149)	(152)
Other reserves	16	773,795	1,388,901
Total equity		**776,707**	**1,391,810**

The Company's loss for the year was $617,613,000 (2017:$47,618,000).

The notes on pages 129 to 139 form part of these Company financial statements.

The Company financial statements of Ophir Energy plc (registered number 05047425) on pages 127 to 139 were approved by the Board of Directors on 11 March 2018.

On behalf of the Board:

Tony Rouse
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Total equity $'000
As at 1 January 2017	**3,061**	**(153)**	**1,432,610**	**1,435,518**
Loss for the period, net of tax	–	–	(47,618)	–
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(47,618)	(47,618)
Exercise of options	–	1	–	1
Share-based payment	–	–	3,909	3,909
As at 31 December 2017	**3,061**	**(152)**	**1,388,901**	**1,391,810**
Loss for the period, net of tax	–	–	(617,613)	(617,613)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(617,613)	(617,613)
Exercise of options	–	3	–	3
Share-based payment	–	–	2,507	2,507
As at 31 December 2018	**3,061**	**(149)**	**773,795**	**776,707**

1 Refer to Note 16 of these Company financial statements.

The notes on pages 129 to 139 form part of these Company financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Loss before taxation		(617,613)	(47,618)
Adjustments to reconcile loss before tax to net cash flows:			
Interest income		(15,419)	(1,923)
Foreign exchange gains		(45)	(940)
Share-based payment expense/(credit)		684	(215)
Allowance for impairment of investment in subsidiaries	7	591,429	44,910
Movement in provisions		10,032	–
Working capital adjustments			
Increase/(decrease) in trade and other payables		10,233	(5,132)
(Increase)/decrease in trade and other receivables		(75)	769
Cash flows used in operating activities		(20,774)	(10,149)
Interest income		1,487	1,923
Net cash flows used in operating activities		**(19,287)**	**(8,226)**
Investing activities			
Loans to subsidiaries		(54,037)	(129,614)
Net cash flows (used in)/from investing activities		**(54,037)**	**(129,614)**
Financing activities			
Proceeds from of exercise of share options		3	1
Net cash flows (used in)/from financing activities		**3**	**1**
Decrease in cash and cash equivalents for the year		**(73,321)**	**(137,839)**
Net effect of foreign exchange rates on cash and cash equivalents		647	259
Cash and cash equivalents at the beginning of the year		127,934	265,514
Cash and cash equivalents at the end of the year	11	**55,260**	**127,934**

The notes on pages 129 to 139 form part of these Company financial statements.

1 CORPORATE INFORMATION

Ophir Energy plc (the Company) is a public limited company domiciled and incorporated in England and Wales. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The Company's business is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and Southeast Asia.

The Company's financial statements for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 11 March 2019 and the statement of financial position was signed on the Board's behalf by Tony Rouse.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and statement of compliance

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis except for revaluation of certain derivative instruments measured at fair value. The financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

The Company is the ultimate parent entity of the Group. The Company's financial statements are included in the Ophir Energy plc consolidated financial statements for the year ended 31 December 2018. As permitted by the section s408 of the Companies Act 2006, the Company has not presented its own income statement and statement of other comprehensive income and related notes.

Comparative figures for the period to 31 December 2017 are for the year ended on that date.

New and amended accounting standards and interpretations.

The Company has adopted relevant new and amended IFRS and IFRIC interpretations as of 1 January 2018. These are detailed in Note 2.1 of the Group financial statements.

2.2 Significant accounting policies

(a) Investment in subsidiaries

The Company holds monetary balances with its subsidiaries of which settlement is neither planned nor likely to occur in the foreseeable future. Such balances are considered to be part of the Company's net investment in its subsidiaries.

The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(b) Financial instruments

i. Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid (for example, cash set aside to cover rehabilitation obligations). For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

ii. Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Allowance is made when there is objective evidence that the Company will not be able to recover balances in full. Evidence on non-recoverability may include indications that the debtor or group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or default or delinquency in repayments. Balances are written off when the probability of recovery is assessed as being remote. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

iii. Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

iv. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) Inventories

Inventories which comprise drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Property, plant and equipment

Cost

Property, plant and equipment, which comprises furniture and fittings and computer equipment, is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on property, plant and equipment calculated using the straight-line method at rates to write off the cost, less estimated residual value based on prices prevailing at the statement of financial position date, of each asset over expected useful lives ranging from three to ten years.

(e) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

(f) Pensions and other post-retirement benefits

Up to 31 October 2016, the Company did not operate its own pension plan but made pension or superannuation contributions to private funds of its employees which are defined contribution plans. On 1 November 2016 the Group launched its own defined contribution scheme for its Executive Directors. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(g) Employee benefits

Salaries, wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(h) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company has leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the income statement on a straight-line basis over the lease term.

(j) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(k) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Company cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(l) Foreign currency translation

The functional currency of the Company is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

(m) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

— where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
— in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
— deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Company financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company has used estimates and assumptions in deriving certain figures within the financial statements. Such accounting estimates may not equate with the actual results which will only be known in time. The key areas of estimation are detailed in Note 2.4 of the Group financial statements.

3 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss attributable to the members of the parent company for the year ended 31 December 2018 is $617.6 million (2017: $47.6 million).

4 STAFF NUMBERS AND COSTS

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Salaries and wages including bonuses	2,283	3,016
Social security costs	315	398
Contributions to pension plans/superannuation funds	–	129
Compensation for loss of office	456	129
Share-based payment expense/(credit)	684	(215)
	3,738	3,457

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors:

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Aggregate compensation:		
Salaries and wages including bonuses	2,043	3,016
Social security costs	315	398
Contributions to pensions/superannuation funds	100	129
Compensation for loss of office	696	129
Share-based payment expense/(credit)	684	(215)
	3,838	3,457

Key management emoluments above excludes aggregate gains made by Directors on the exercise of share options of Nil (2017: Nil).

(c) Directors' emoluments

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Aggregate compensation:		
Salaries and wages	2,010	2,098
Bonuses	–	530
Social security costs	296	346
Contributions to pensions/superannuation funds	100	126
Other benefits	14	17
Compensation for loss of office	240	129
	2,660	3,246

Directors' emoluments above excludes aggregate gains made by Directors on the exercise of share options of Nil (2017: Nil).

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Share-based payment expense/(credit)	551	(503)
Number of Directors to whom superannuation or pension benefits accrued during the year	2	3

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
CEO	1	1
Exploration and technical	0	1
Commercial and support	2	2
	3	4

5 SHARE-BASED COMPENSATION

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determines the vesting terms, if any, subject to the proviso that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long-Term Incentive Share Option Plan
On 26 May 2011, the Board resolved to establish the Ophir Energy Long-Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three-year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three-year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan
On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three-year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the Trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP awards as and when they are exercised. No shares have been acquired by the Trust.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2018 Number	**2018 WAEP**	2017 Number	2017 WAEP
Outstanding options at the beginning of the year	16,807,901	$0.87/£0.65	19,285,299	$0.48/£0.36
Shares re-granted[1]	22,407	$0.32/0.25p	–	–
Exercised during the year	(903,240)	0.24c/0.18p	(207,562)	0.34c/0.25p
Expired during the year	(4,630,926)	$1.14/0.85p	(2,269,836)	$1.38/£1.02
Outstanding options at the end of the year	11,296,142	$0.68/£0.51	16,807,901	$0.87/£0.65
Exercisable at end of year	2,391,153	$1.82/£1.36	2,176,460	$2.78/£2.07

1 A minor amendment has been made to the number of shares re-granted for employee share-based payment plans in 2016.

There were no share options granted in 2018. No share options granted in 2017.

(b) Share-based payments to Directors
During the year a total of nil (2017: nil) options to acquire ordinary shares were granted to Directors under the Ophir Energy Long-Term Incentive Plan.

During the year nil options (2017: nil) were granted to Directors under the Ophir Energy Company 2006 Share Option Plan.

6 PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	2,242	9,430
Additions	–	–
Disposals	–	(7,188)
Balance at the end of the year	2,242	2,242
Depreciation		
Balance at the beginning of the year	2,242	6,678
Disposals	–	(4,436)
Depreciation charge for the year	–	–
Balance at the end of the year	2,242	2,242
Net book value		
Balance at the beginning of the year	–	2,752
Balance at the end of the year	–	–

7 INVESTMENTS IN SUBSIDIARIES

The following table shows the movement in the investment in subsidiaries during the year

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
Balance at the beginning of the year	2,418,331	2,272,694
Additions during the year		
Salamander Energy plc	49,480	31,989
Ophir Holdings & Services (UK) Limited	1,178	689,026
Ophir Holdings Limited	25,433	–
Ophir Holdings & Ventures Limited	16,319	5,503
Ophir Mexico Offshore Exploration S.A de CV	14,762	2,436
Ophir Mexico Operations S.A de C.V	10,503	–
Ophir Asia Limited	21	9,153
Dominion Petroleum Limited	–	10,537
Ophir Asia Services Limited	–	180
Other	25,702	31,980
Repayments during the year		
Ophir Cote d'Ivore (CI-513) Limited	(25,267)	–
Ophir Seychelles (Areas 1,2 & 3) Limited	(24,905)	–
Ophir Malaysia (Block 2A) Limited	(6,209)	(143)
Ophir Services Pty Limited	(6,134)	–
Ophir Holdings Limited	–	(130)
Ophir Equatorial Guinea (Block R) Limited	(5,462)	(231,300)
Ophir Equatorial Guinea Holdings Limited	–	(397,533)
Ophir Gabon (Manga) Limited	(2,171)	–
Dominion Petroleum Limited	(1,704)	–
Other	(2,399)	(6,061)
Balance at the end of the year	2,487,478	2,418,331
Foreign exchange translation gains and losses	–	–
Allowance for impairment	(1,158,033)	(1,113,123)
Balance at the beginning of the year		
Additional allowance	(591,429)	(44,910)
Balance at the end of the year	(1,749,462)	(1,158,033)
Net book value		
At the beginning of the year	1,260,298	1,159,571
At the end of the year	738,016	1,260,298

Loans to subsidiaries are unsecured and form part of the Company's investments in subsidiaries. The loans are denominated in US Dollars and have no particular repayment terms. The Company has indicated that it does not intend to demand repayment in the foreseeable future. The allowance for impairment charge primarily relates to unrecoverable intra-group funding as a result of the write off of the Block R licence in Equatorial Guinea.

A complete list of Ophir Energy plc Group companies at 31 December 2018, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements on page 140 to 144. All of these subsidiaries have been consolidated in the Group financial statements on pages 87 to 126.

8 FINANCIAL ASSETS

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Non-current		
Security deposits – Rental properties	1,959	2,079
	1,959	2,079

9 PROVISIONS

	Redundancy provision $'000	Onerous leases $'000	Total $'000
At 31 December 2017	–	–	–
Arising during the year	532	9,500	10,032
At 31 December 2018	532	9,500	10,032

Onerous leases
In respect of the London HQ in relation to the proposed relocation to Southeast Asia.

Redundancy provisions
In respect of the downsizing of the London corporate office.

10 TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Other debtors	–	609
Prepayments	1,772	969
	1,772	1,578

All debtors are current. There are no receivables that are past due or impaired.
Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

11 CASH AND CASH EQUIVALENTS

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Cash	1,716	3,976
Cash equivalents	53,544	123,958
	55,260	127,934

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $55.2 million (2017: $127.9 million). Cash and cash equivalents at 31 December 2018 includes nil (2017: $2.2 million) of restricted bank guarantees.

12 TRADE AND OTHER PAYABLES

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Trade creditors	947	54
Accruals	9,296	–
	10,243	54

Trade payables are unsecured and are usually paid within 30 days of recognition.

13 FINANCIAL INSTRUMENTS

The Company utilises the same financial risk and capital management as the Group. Refer to Note 26 of the Group financial statements for further details.

(a) Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2018					
Current financial assets					
Cash and cash equivalents	48,103	7,151	–	6	55,260
Trade and other receivables	–	–	–	–	–
	48,103	7,151	–	6	55,260
Non-current financial assets					
Security deposits	–	–	–	1,959	1,959
	–	–	–	1,959	1,959

1 The equivalent S&P rating of the financial assets represents the rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2017					
Current financial assets					
Cash and cash equivalents	127,934	–	–	–	127,934
Trade and other receivables	–	–	–	–	–
	127,934	–	–	–	127,934
Non-current financial assets					
Security deposits	–	–	–	2,079	2,079
	–	–	–	2,079	2,079

1 The equivalent S&P rating of the financial assets represents the rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than 12 months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

Fair values

The maximum exposure to credit risk is the fair value of security deposits and receivables. Collateral is not held as security.

The carrying amounts of non-current receivables approximate their fair value.

(b) Interest rate risk

As of 31 December 2018, the Company has no external borrowings (2017: nil) so interest rate risk is limited to interest receivable on deposits and bank balances.

The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's cash assets held in short-term cash deposits.

The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate the risk of a fluctuating interest rate. The benchmark rate used for short-term deposits is US LIBOR.

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Financial assets		
Security deposits	1,959	2,079
Cash and cash equivalents	55,260	127,934
	57,219	130,013
Financial liabilities		
Loans from subsidiary undertakings	–	–
Net exposure	57,219	130,013

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Company's loss before tax (through the impact on floating rate deposits and cash equivalent).

Increase/decrease in interest rate	**Effect on loss 31 Dec 2018 $'000**	Effect on loss 31 Dec 2017 $'000
+0.5%	276	640
-0.5%	(276)	(640)

The sensitivity in 2018 was maintained at 0.5% as interest rate volatilities remained similar to those in the prior period.

(c) Foreign currency risk

The Company adopts the same policies to manage foreign currency risk as the Group. Refer to Note 26 of the Group financial statements for further details.

As at 31 December 2018, the Company's predominant exposure to foreign exchange rates related to cash and cash equivalents held in Pounds Sterling.

At the statement of financial position date, the Company had the following exposure to GBP, THB, MYR and EUR foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Financial assets		
Cash and cash equivalents		
EUR	–	–
GBP	8,372	1,397
	8,372	1,397
Security deposits		
GBP	1,959	2,079
	10,331	3,476
Financial liabilities		
Trade and other payables		
AUD	–	–
THB	–	–
MYR	–	–
EUR	–	–
GBP	(409)	(21)
	(409)	(21)
Net exposure	9,922	3,455

The table below demonstrates the sensitivity to reasonably possible changes in currencies against the US Dollar exchange rates with all other variables held constant, of the Company's loss before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax higher/(lower)		Equity higher/(lower)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
US Dollar to GBP Sterling +5% (2017: +5%)	496	173	496	173
US Dollar to GBP Sterling -5% (2017: -5%)	(496)	(173)	(496)	(173)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

— Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecast expectations.

— The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Company.

(d) Liquidity risk

The Company has a liquidity risk arising from its ability to fund its liabilities. This Company utilises the same policies to mitigate liquidity risk as the rest of the Group. Refer to Note 26 of the Group financial statements for further details.

All of the Company's trade creditors and other payables (refer to Note 12 of these Company financial statements) are payable in less than six months.

The Company did not make use of derivative instruments during the year or during the prior year.

13 FINANCIAL INSTRUMENTS CONTINUED

(e) Disclosure of fair values

The carrying values of security deposits and financial liabilities disclosed in the financial statements as at 31 December 2018 approximate their fair value.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	As at 31 Dec 2018 $'000	As at 31 Dec 2017 $'000
Level 1	1,959	2,079
Level 2	–	–
Level 3	–	–
	1,959	2,079

There were no transfers between fair value levels during the year.

14 CALLED UP SHARE CAPITAL

	Year ended 31 Dec 2018 $'000	Year ended 31 Dec 2017 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407; (2017: 746,019,407)	3,061	3,061
In issue at the end of the year; 746,019,407; (2017: 746,019,407)	3,061	3,061

The balances classified as called up, allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

15 TREASURY SHARES

Ordinary shares of 0.25p each held by the Group as treasury shares	**Year ended 31 Dec 2018 $'000**	Year ended 31 Dec 2017 $'000
Balance at the beginning of the year: 39,710,823 (2017: 39,918,385)	152	153
Disposed of on exercise of share options during the year: 903,240 (2017: 207,562)	(3)	(1)
Balance at the end of the year; 38,807,583 (2017: 39,710,823)	149	152

Treasury shares represents the cost of shares in the Company purchased in the market and held by the Company partly to satisfy options under the Group's employee incentive share option plans (refer to Note 5 of these Company financial statements). During 2018 Nil shares were purchased (2017: Nil)

16 OTHER RESERVES

	Share[1] premium $'000	Capital[2] redemption reserve $'000	Options[3] premium reserve $'000	Merger[4] reserve $'000	Equity[5] component on convertible bond $'000	Foreign currency translation reserve $'000	Accum-ulated profits/ (losses) $'000	Total other reserves $'000
At 1 January 2017	807,427	160	57,794	667,337	669	11,839	(112,616)	1,432,610
Profit for the period, net of tax	–	–	–	–	–	–	(47,618)	(47,618)
Other comprehensive income net of tax	–	–	–	–	–	–	–	–
Total comprehensive income net of tax	–	–	–	–	–	–	(47,618)	(47,618)
Share-based payment	–	–	3,909	–	–	–	–	3,909
Transfers within reserves	–	–	–	(341,792)	–	(11,839)	353,631	–
As at 1 January 2018	**807,427**	**160**	**61,703**	**325,545**	**669**	**–**	**193,397**	**1,388,901**
Profit for the period, net of tax	–	–	–	–	–	–	(617,613)	(617,613)
Other comprehensive income net of tax	–	–	–	–	–	–	–	–
Total comprehensive income net of tax	–	–	–	–	–	–	(617,613)	(617,613)
Share-based payment	–	–	684	–	–	–	–	684
Capital contribution	–	–	1,823	–	–	–	–	1,823
Transfers within reserves	–	–	(7,868)	–	–	–	7,868	–
As at 31 December 2018	**807,427**	**160**	**56,342**	**325,545**	**669**	**–**	**(416,348)**	**773,795**

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.

2 The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.

3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.

4 In 2017, the premium arising on the 2012 Dominion Petroleum acquisition, which was classified within the merger reserves according to the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613), was realised to accumulated profits/(losses)as a result of the full impairment of the Dominion Group in previous years.

5 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.

17 OPERATING LEASE COMMITMENTS

At 31 December 2018 the Company was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 31 Dec 2018 $'000	As at 31 Dec 2018 $'000
Due within one year	1,124	1,180
Due later than one year but within five years	4,460	4,724
Due later than five years	–	1,141
	5,584	7,045

18 RELATED PARTY TRANSACTIONS

(a) Identity of related parties

The Company has related party relationships with its subsidiaries and its Directors (refer to Note 4 of these Company financial statements). A complete list of Ophir Energy plc Group companies at 31 December 2018, and the Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of the Group financial statements.

19 CONTINGENT LIABILITIES

An individual has commenced claims against the Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within the portfolio. The individual's primary claim was dismissed in February 2018. The individual has filed an appeal against the decision but a loss at first instance supports the Group's view that the claims are without merit and accordingly the Group has estimated that no liability will arise as a result of proceedings and therefore no provision for any liability has been made in these financial statements.

20 EVENTS AFTER REPORTING PERIOD

On 30th January 2019 the Board of Ophir reached agreement with Medco Energi Global for the recommended acquisition of the entire issued share capital of Ophir Energy plc for a cash consideration of 55 pence per share. On 1st March 2019, the company issued a formal scheme document to all shareholders setting out the details of the recommended cash acquisition of Ophir Energy plc by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The scheme document contained details for the transaction timetable, with a shareholder vote to be made at a general meeting convened for 25th March 2019, followed by a Court sanction on the same day, and with an agreed deal completion long-stop date of 20th June 2019. Following a successful shareholder vote and an approved court sanction, the shares of Ophir Energy plc would be delisted from the London Stock Exchange.

Independent Auditor's report to the members of Ophir Energy plc

Opinion

In our opinion:

- Ophir Energy plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Ophir Energy plc which comprise:

Group	Parent company
Consolidated income statement and statement of other comprehensive income for the year then ended	Company statement of financial position as at 31 December 2017
Consolidated statement of financial position as at 31 December 2017	Company statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Company statement of cash flows for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 20 to the financial statements including a summary of significant accounting policies
Related notes 1 to 37 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report from page 26 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation from page 69 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 69 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 69 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Impairment of the held for sale asset, tangible oil and gas assets and exploration and evaluation assets • Estimates of oil and gas reserves
Audit scope	• We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 14 components. • The components where we performed full or specific audit procedures accounted for 98% of revenue, 99% of total group equity and 97% of total assets.
Materiality	• Overall group materiality of $29.0m which represents 2% of equity.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of the held for sale asset, tangible (oil and gas ("O&G")) assets and exploration and evaluation ("E&E") assets	We audited the impairment analysis and assumptions prepared and used by management through a combination of audit testing and bench-marking to external data sources and other companies in the sector. We used our internal valuation experts to assist in auditing the key assumptions such as future oil and gas prices and discount rates. In addition, we performed journal entry testing to confirm that management had not overridden the outcome of the impairment tests which we have audited. Our procedures included:	
For the held for sale asset: Held for sale asset: $604m (2016: $589m) *Refer to the Audit Committee Report (page 56); Accounting policies (page 112); and Note 13 of the Consolidated Financial Statements (page 114)* The valuation of the EG asset is dependent on a number of accounting estimates and judgments performed by management, including but not limited to, obtaining debt financing, likelihood of a Final Investment Decision ("FID"), pricing and government participation etc. A number of changes to key assumptions used in the valuation model could result in impairment.	We inquired of both operational and finance personnel regarding progress in obtaining debt financing and ultimately declaring FID. In assessing the appropriateness of management's assumptions and inputs included in the model we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over gas prices (short, medium and long-term), discount rates, foreign exchange rates and inflation rates.	We evaluated and assessed the reasonableness of the significant judgements with the most significant being around the assumption of reaching FID, in particular the ability to obtain debt financing, and considered this to be reasonable. On the basis of our audit procedures we concluded that the gas price and discount rates were the most significant estimates and were within a reasonable range in light of the current market conditions, We also considered the assumed level of future participation of the government controlled entity of Equatorial Guinea to be reasonable. We concluded that management's calculation of the recoverable amount of the asset was within our reasonable range and therefore the asset is carried at an appropriate value.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
For O&G assets:		
Tangible oil and gas properties assets: $700m (2016: $699m) *Refer to the Audit Committee Report (page 56); Accounting policies (page 105); and Note 14 of the Consolidated Financial Statements (page 122)* Fluctuating prices, as well as other potential triggers such as changes in reserves, production profiles, drilling commitments and cost forecasts, could indicate heightened risk of impairment and give rise to impairment testing.	We inquired of both operational and finance personnel regarding assets' performance, specifically with regard to production and reserves data, and future plans to assess whether there were any indicators of impairment. For assets where an impairment indicator was identified, we obtained the relevant models supporting the recoverable amounts for the asset from management and compared these to the carrying value of the asset as of the balance sheet date to identify if there were any impairments or reversal of impairments. In assessing the appropriateness of management's assumptions and inputs included in the models we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over oil and gas prices (short, medium and long-term), discount rates, foreign exchange rates and inflation rates. In respect of oil and gas reserve estimates including production profiles, we made inquiries around the scope of work performed and independence of Ophir's third party reservoir engineers in order to assess both their competence and objectivity in respect of their reserves reporting.	On the basis of our audit procedures we concluded that the oil and gas prices, discount rates, production volumes and the other assumptions used by management were within a reasonable range in light of the current market conditions; we therefore concluded that management's calculation of the recoverable amounts of the assets were within our reasonable ranges and hence the carrying values and disclosures in the financial statements are appropriate.
For E&E assets:		
Intangible E&E assets: $248m (2016:$310m) *Refer to the Audit Committee Report (page 56); Accounting policies (page 104); and Note 13 of the Consolidated Financial Statements (page 121)* Given the sensitivity to commodity prices and the knock-on impact on future exploration and capital expenditure plans, there is a significant risk that the carrying value of E&E assets may be impaired, In addition, Ophir's right to explore in the specific areas may have expired during the period or will expire in the near future, and is not expected to be renewed.	We verified that Ophir had the right to explore in the relevant exploration licence by obtaining and reviewing supporting documentation such as licence agreements and or correspondence with relevant government agencies. We confirmed that management had the intention to carry out exploration and evaluation activity in the relevant exploration area by performing procedures which included the review of budgeted expenditures and discussions with senior management in financial and operational roles and discussions with executive management. We considered whether Ophir has the ability to finance planned future exploration and evaluation activity. We considered the commercial viability of the exploration block based on the results of exploration and evaluation activities carried out in the relevant licence area.	On the basis of our audit procedures, we agree with management's conclusions regarding the carrying values of the exploration and evaluation assets.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Estimate of oil and gas reserves		
Reserves estimates have a pervasive effect on the financial statements and are a highly complex area which involve significant judgment and subjectivity. Due to the complexity, judgment and subjectivity involved, management can potentially manipulate the inputs to yield favourable outcomes.	Our audit procedures have focused on management's estimation process, including whether bias exists in the determination of reserves. We carried out procedures to walkthrough and understand Ophir's internal process and key controls associated with the oil and gas reserves estimation process. We assessed the competence of both internal and external specialists and objectivity of external specialists. We also analysed the report of the external specialists on their audit of the reserves for the tangible (oil and gas) assets in Thailand and Indonesia as at 31 December 2017 where we performed procedures to evaluate their objectivity and competency. We have checked the consistency of the application of estimated reserves across the significant areas of the audit such as impairment testing; DD&A; decommissioning provisions and assessment of going concern.	Based on our procedures we consider that the reserves estimations are reasonable and are an appropriate basis for use in, amongst other calculations, impairment testing, calculating Depreciation, Depletion & Amortisation, determination of decommissioning provisions and assessment of going concern.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the total 98 components of the Group, we selected 21 (21%) components across London, Thailand and Indonesia.

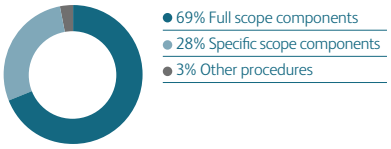
Of the 21 components selected, we performed an audit of the complete financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. For the 14 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99% (2016: 95%) of the Group's equity, 98% (2016: 100%) of the Group's revenue and 97% (2016: 94%) of the Group's total assets. For the current year, the full scope components contributed 69% (2016: 77%) of the Group's equity, 90% (2016: 99%) of the Group's revenue and 69% (2016: 63%) of the Group's total assets. The specific scope component contributed 30% (2016: 18%) of the Group's equity, 8% (2016:1%) of the Group's revenue and 28% (2016: 31%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group.

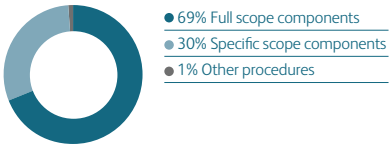
Of the remaining 79 components that together represent 1% (2016: 5%) of the Group's equity, 2% (2016: 5%) of revenue and 3% (2016: 0%) of total assets, none are individually greater than 1% of the Group's equity. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

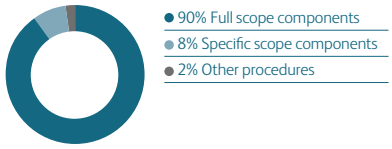
Total assets 2017



Total equity 2017



Total revenue 2017



Changes from the prior year

We have reassessed our scope and focused our procedures on areas that present a higher risk of material misstatement. Thus, we have altered our split of entities covered by full, specific and review scope for 2017. We believe that the 2017 audit scopes we set for each reporting unit when taken together, enable us to form an opinion on the group consolidated financial statements.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 5 full scope components, audit procedures were performed on 3 of these directly by the primary audit team. For the 14 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits both Indonesia and Thailand during the current year's audit cycle. During the current year's audit cycle, two visits were undertaken by the primary audit team to the component teams in both locations. These visits involved meeting with local management (including heads of country and personnel outside of the finance function) and component teams for planning purposes which included obtaining an understanding of the businesses and their operations including current year performance to enable risk identification, discussions around audit timetables, and the scope for the audit. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $29.0m (2016: $32.0m), which is 2% (2016: 2%) of Group equity. We have used total equity of the Group as the basis for our materiality calculation as we concluded that total equity is the most closely monitored financial measure for the stakeholders of Ophir Energy plc. Typically we would expect to focus on an income statement based measure such as profit before tax when calculating materiality. Group's strategy is that the cash-generated by producing assets will primarily be used to fund future exploration. Therefore we concluded that income statement based measures are less relevant where stakeholder value is primarily generated through discovering and monetising commercial hydrocarbons. Hence we have concluded that total equity provides the most appropriate financial measure that is responsive to the main value driver for the shareholders of Ophir Energy plc. This is also consistent with the prior year audit.

We determined materiality for the Parent Company to be $13.9m (2016: $15.0m), which is 1% (2016: 1%) of total assets.

During the course of our audit, we reassessed initial materiality and changed our final materiality to reflect the actual reported performance of the Group in the year.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2016: 50%) of our planning materiality, namely $14.5m (2016: $16.0m). We have set performance materiality at this percentage due to the corrected and uncorrected audit differences which in the prior year were over 25% of our planning materiality.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $1.4m to $7.4m (2016: $4.0m to $13.6m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.45m (2016: $1.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 69, including the Strategic Report and the Directors' Report set out on pages 16 to 19 and 68 to 69, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 88** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 56** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee / the explanation as to why the annual report does not include a section describing the work of the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 46** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 88, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS as adopted by the EU, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax compliance regulations in the UK, Thailand and Indonesia.
- We understood how Ophir Energy plc is complying with those frameworks by making enquiries to management, internal audit, and those responsible for legal compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by making enquiries to management, reviewing the findings of internal audit, assessing the entity level controls and identifying material amounts within the financial statements which may be able to be manipulated to achieve desired results.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries to management, review of internal audit reports, and those responsible for legal compliance procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company on 17 May 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ending 31 December 2014 to 31 December 2017.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Paul Wallek (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
6 March 2018

Consolidated income statement and statement of other comprehensive income
For the year ended 31 December 2017

Consolidated income statement	Notes	2017 $'000	2016 $'000
Continuing operations			
Revenue	5	188,527	107,178
Cost of sales	6a	(147,577)	(95,443)
Gross profit		**40,950**	**11,735**
Share of profit of investments accounted for using the equity method	27	4,181	4,417
Impairment reversal of oil and gas properties	14	23,681	84,100
Impairment of investments accounted for using the equity method	27	(7,800)	–
Exploration expenses	6b	(91,836)	(135,252)
Other operating (expenses)/gains	6c	(11,699)	19,945
General and administration expenses	6d	(11,279)	(13,428)
Operating loss		**(53,802)**	**(28,483)**
Net finance expense	7	(12,907)	(21,595)
Other financial gains	8	2,300	–
Loss from continuing operations before taxation		**(64,409)**	**(50,078)**
Taxation expense	11	(47,383)	(27,368)
Loss from continuing operations for the year		**(111,792)**	**(77,446)**
Attributable to:			
Equity holders of the Company		(111,792)	(77,446)
		(111,792)	**(77,446)**
Earnings per ordinary share			
Basic – (Loss)/profit for the period attributable to equity holders of the Company	12	(15.8)cents	(11.0)cents
Diluted – (Loss)/profit for the period attributable to equity holders of the Company	12	(15.8)cents	(11.0)cents
Consolidated statement of other comprehensive income			
Loss from continuing operations for the year		**(111,792)**	**(77,446)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on retranslation of foreign operations net of tax		–	31
Cash flow hedges marked to market		(5,882)	–
Other comprehensive income/(loss) for the year, net of tax		**(5,882)**	**31**
Total comprehensive loss for the year, net of tax:		**(117,674)**	**(77,415)**
Attributable to:			
Equity holders of the Company		(117,674)	(77,415)
		(117,674)	**(77,415)**

The notes on pages 101 to 135 and pages 153 to 156 form part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2017

	Notes	2017 $'000	2016 $'000
Non-current assets			
Exploration and evaluation assets	13	247,944	310,229
Oil and gas properties	14	699,669	699,000
Other property, plant and equipment	15	2,211	3,706
Investments accounted for using the equity method	27	120,964	130,736
Other long term receivables	16	21,205	21,103
		1,091,993	**1,164,774**
Current assets			
Assets classified as held for sale	3	604,432	588,770
Inventory	17	40,647	46,738
Taxation receivable		9,125	15,178
Trade and other receivables	18	24,656	32,319
Cash and cash equivalents	19	223,779	360,424
		902,639	**1,043,429**
Total assets		**1,994,632**	**2,208,203**
Current liabilities			
Trade and other payables	20	(52,374)	(93,398)
Interest-bearing bank borrowings due within one year	21	–	(9,741)
Taxation payable		(30,282)	(13,226)
Provisions	24	(9,399)	(15,833)
Derivative financial instruments	25	(3,582)	–
		(95,637)	**(132,198)**
Non-current liabilities			
Trade and other payables	20	(15,279)	(10,285)
Interest-bearing bank borrowings	21	–	(83,915)
Bonds payable	22	(106,651)	(106,651)
Provisions	24	(51,265)	(50,550)
Deferred tax liability	11	(264,491)	(249,527)
		(437,686)	**(500,928)**
Total liabilities		**(533,323)**	**(633,126)**
Net assets		**1,461,309**	**1,575,077**
Capital and reserves			
Called up share capital	26	3,061	3,061
Reserves	29	1,458,528	1,572,296
Equity attributable to equity shareholders of the Company		**1,461,589**	**1,575,357**
Non-controlling interest		(280)	(280)
Total equity		**1,461,309**	**1,575,077**

The notes on pages 101 to 135 and pages 153 to 156 form part of these consolidated financial statements.

The consolidated financial statements of Ophir Energy plc (registered number 05047425) on pages 97 to 135 and pages 153 to 156 were approved by the Board of Directors on 6 March 2018.

On behalf of the Board:

Nick Cooper
Chief Executive Officer

Tony Rouse
Chief Financial Officer

Consolidated statement of changes in equity
For the year ended 31 December 2017

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Non-controlling interest $'000	Total equity $'000
As at 1 January 2016	**3,061**	**(155)**	**1,646,878**	**(280)**	**1,649,504**
Loss for the period, net of tax	–	–	(77,446)	–	(77,446)
Other comprehensive loss, net of tax	–	–	31	–	31
Total comprehensive loss, net of tax	–	–	(77,415)	–	(77,415)
Exercise of options	–	2	–	–	2
Share-based payment	–	–	2,986	–	2,986
As at 31 December 2016	**3,061**	**(153)**	**1,572,449**	**(280)**	**1,575,077**
Loss for the period, net of tax	–	–	(111,792)	–	(111,792)
Other comprehensive loss, net of tax	–	–	(5,882)	–	(5,882)
Total comprehensive loss, net of tax	–	–	(117,674)	–	(117,674)
Exercise of options	–	1	–	–	1
Share-based payment	–	–	3,905	–	3,905
As at 31 December 2017	**3,061**	**(152)**	**1,458,680**	**(280)**	**1,461,309**

1 Refer to Note 30 of these consolidated financial statements.

The notes on pages 101 to 135 and pages 153 to 156 form part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2017

	Notes	2017 $'000	2016[1] $'000
Operating activities			
Loss before taxation		(64,409)	(50,078)
Adjustments to reconcile loss before taxation to net cash provided by operating activities			
Exploration expenses	6b	76,108	114,776
Depreciation and amortisation		79,230	55,238
Net impairment reversal		(16,061)	(84,100)
Share of profits from joint ventures		(4,181)	(4,417)
Net finance expenses and other financial gains	7	14,724	8,172
Net foreign currency (gain)/loss	7	(1,817)	13,424
Share based payment expense	6d	3,905	2,986
(Decrease)/increase in provisions		9,381	(19,322)
Cash flow from operations before working capital adjustments		**96,880**	**36,679**
Decrease/(increase) in inventories		7,123	(9,584)
Increase/(decrease) in other current and non-current payables		1,962	(2,212)
Decrease in other current and non-current assets		10,147	5,502
Cash generated from operations		**116,112**	**30,385**
Interest received		2,057	1,959
Income taxes paid		(9,485)	(41,360)
Net cash flows generated from/(used in) operating activities		**108,684**	**(9,016)**
Investing activities			
Additions to Exploration and Evaluation assets		(95,827)	(154,977)
Additions to oil and gas assets and other property, plant and equipment		(47,179)	(18,585)
Dividends received from joint ventures		6,523	5,164
Funding provided to joint ventures		(370)	(1,283)
Proceeds from disposals of assets		428	–
Net cash flows used in investing activities		**(136,425)**	**(169,681)**
Financing activities			
Interest paid		(15,217)	(16,275)
Repayment of debt		(93,656)	(59,352)
Net issue/(repurchase) of shares		1	2
Net cash outflows from financing activities		**(108,872)**	**(75,625)**
Effect of exchange rates on cash and cash equivalents		(32)	177
Decrease in cash and cash equivalents		(136,645)	(254,145)
Cash and cash equivalents at the beginning of the year	19	360,424	614,569
Cash and cash equivalents at the end of the year	19	**223,779**	**360,424**

The notes on pages 101 to 135 and pages 153 to 156 form part of these consolidated financial statements.

1 Investing cash outflows as reported in 2016 have been corrected to reflect a decrease in outflows of $20.5 million for pre-licence exploration expenditure which has been reclassified as operating cash outflow. The reclassification is to aid comparison of periods.

1 Corporate information

Ophir Energy plc (the 'Company' and ultimate parent of the Group) is a public limited company domiciled and incorporated in England and Wales with company number 05047425. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The principal activity of the Group is the development of offshore oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and Southeast Asia.

The Group's consolidated financial statements for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 6 March 2018 and the consolidated statement of financial position was signed on the Board's behalf by Nick Cooper and Tony Rouse.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of certain derivative instruments measured at fair value. The consolidated financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

Comparative figures for the period to 31 December 2016 are for the year ended on that date.

New and amended accounting standards and interpretations

The Group has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 January 2016:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements Cycle – 2014-2016

These new and amended standards and interpretations have not materially affected amounts reported or disclosed in the Group's consolidated financial statements for the year ended 31 December 2017.

Standards and interpretations issued but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but are not effective for the financial year beginning 1 January 2017 and have not been early adopted by the Group:

	Effective date for periods beginning on or after
IFRS 16 'Leases'	1 January 2019
IFRIC 23 'Uncertainty over income tax treatments'[1]	1 January 2019
Amendments to IAS 28: Long term interests in associates and joint ventures[1]	1 January 2019
Annual Improvements 2015-2017 Cycle[1]	1 January 2019
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
IFRIC 22 'Foreign currency transactions and advanced consideration'[1]	1 January 2018
Clarifications to IFRS 15: 'Revenue from contracts with customers'	1 January 2018
Amendment to IFRS 2: 'Classification and measurement of share based payment transactions'[1]	1 January 2018

1 These standards, amendments and improvements have not yet been endorsed by the European Union.

For new standards with an effective date of 1 January 2018, the Group has performed a preliminary assessment of the impact of these standards as outlined overleaf.

2 Basis of preparation and significant accounting policies continued

IFRS 9 'Financial Instruments'

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group does not expect a significant impact on its equity due to the short-term nature and high quality of the financial assets.

(c) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

The Group generates revenue through the sale of oil and petroleum products. The impact of IFRS 15 on contracts with customers in which the sale of oil and petroleum products is generally expected to be the only performance obligation, is not expected to have any impact on the Group's profit or loss for such transactions. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the products.

In preparing to adopt IFRS 15, the Group has considered the following:

(a) Take or pay arrangements

The Group enters into take-or-pay arrangements where customers have a right to take makeup product in the future. The group recognises deferred revenue equal to the amount paid for the 'undertake' as it represents an obligation to provide the product in the future. The Group only recognises revenue once the product has been taken by the customer. Only once the make-up period has expired or it is clear that the purchaser has been unable to take the product, would the liability be eliminated and revenue recognised.

Under IFRS 15, if the group expects to be entitled to a breakage amount, the expected 'breakage' would be recognised as revenue in proportion to the pattern of rights exercised by the customer. Otherwise, breakage amounts would be recognised when the likelihood of the customer exercising its right becomes remote.

Given the pattern of rights exercised by the customer, who has always taken the maximum amount of makeup product available, the Group does not expect the adoption of IFRS 15 to have any effect on revenue recognised from contracts with take or pay arrangements.

(b) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. As required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

For new standards with an effective date of 1 January 2019, the Group has performed a preliminary assessment of the impact of these standards as outlined below.

IFRS 16 'Leases'

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the balance sheet of a right to-use asset and a lease liability, and the subsequent amortization of the right-to-use asset over the lease term. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Ophir expects to adopt IFRS 16 on 1 January 2019 using the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognized in opening retained earnings at the date of initial application. The group's evaluation of the effect of adoption of the standard is ongoing but it is expected that it will have a material effect on the group's financial statements, significantly increasing the group's recognized assets and liabilities. It is expected that the presentation and timing of recognition of charges in the income statement will also change as the operating lease expense currently reported under IAS 17, typically on a straight-line basis, will be replaced by depreciation of the right-to-use asset and interest on the lease liability.

2.2 Basis of consolidation

These financial statements comprise a consolidation of the accounts of the Company and its subsidiary undertakings and incorporates the results of its joint ventures and associates using the equity method of accounting, drawn up to 31 December each year.

Subsidiaries

Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e. existing voting rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit and loss; and (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within the consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.3 Summary of significant accounting policies

(a) Commercial reserves

Commercial reserves are proved and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. Proved and probable reserve estimates are based on a number of underlying assumptions including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less. However, the amount of reserves that will be ultimately recovered from any field cannot be known with certainty until the end of the field's life.

2 Basis of preparation and significant accounting policies continued

(b) Intangible exploration and evaluation expenditure

Exploration and evaluation (E&E) expenditure relates to costs incurred on the exploration for and evaluation of potential mineral reserves and resources. The Group applies the successful efforts method of accounting for E&E costs as permitted by IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs (such as geological, geochemical and geophysical costs, exploratory drilling and other direct costs associated with finding mineral resources) are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Costs (other than payments for the acquisition of rights to explore) incurred prior to acquiring legal rights to explore an area and general exploration costs not specific to any particular licence or prospect are charged directly to the consolidated income statement and statement of other comprehensive income.

E&E assets are not amortised prior to the determination of the results of exploration activity.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/block are carried forward, until the existence (or otherwise) of commercial reserves has been determined, subject to certain limitations including review for indicators of impairment. If, at completion of evaluation activities, technical and commercial feasibility is demonstrated, then, following recognition of commercial reserves, the carrying value of the relevant E&E asset is then reclassified as a development and production asset (subject to an impairment assessment before reclassification).

If, on completion of evaluation activities, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue E&E activity, then the costs of such unsuccessful E&E are written off to the consolidated income statement and statement of other comprehensive income in the period of that determination.

Impairment

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The cash generating unit (CGU) applied for impairment test purposes is generally the block, except that a number of block interests may be grouped as a single cash generating unit where the cash flows of each block are interdependent.

Where an indicator of impairment exists, management will assess the recoverability of the carrying value of the asset or CGU. This review includes a status report confirming that E&E drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable. This assessment is based on a range of technical and commercial considerations and confirming that sufficient progress is being made to establish development plans and timing. If no future activity is planned, or the value of the asset cannot be recovered via successful development or sale, the balance of the E&E costs are written off in the consolidated income statement and statement of other comprehensive income.

Farm-in/farm-out arrangements

The Group may enter into farm-in or farm-out arrangements, where it may introduce partners to share in the development of an asset. For transactions involving assets at the exploration and evaluation phase, the Group adopts an accounting policy as permitted by IFRS 6 such that the Group does not record any expenditure made on its behalf under a 'carried interest' by a farm-in partner (the 'farmee').

Where applicable past costs are reimbursed, any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal. Farmed-out oil and gas properties are accounted for in accordance with IAS 16 'Property, Plant and Equipment'.

(c) Business combinations

On an acquisition that qualifies as a business combination in accordance with IFRS 3 – 'Business Combinations', the assets and liabilities of a subsidiary are measured at their fair value as at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill which is treated as an intangible asset. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated statement of other comprehensive income in the period of acquisition.

A business combination is a transaction in which an acquirer obtains control of a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends or lower costs or other economic benefits directly to investors or other owners or participants. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Group acquires a business, it assesses the assets 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. Those oil and gas reserves that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

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 as at the acquisition date (being the date the acquirer gains control) in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity.

(d) Property, plant and equipment

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Oil and gas properties – cost

Development and production assets are generally accumulated on a block-by-block basis and represent the cost of developing the commercial reserves discovered and bringing them into production. The initial cost of a development and production asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Oil and gas properties – depreciation

Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. The production and reserve estimates used in the calculation are on an entitlements basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Producing assets are generally grouped with other assets that are dedicated to serving the same reserves for depreciation purposes, but are depreciated separately from producing assets that serve other reserves.

Other fixed assets

Property, plant and equipment other than oil and gas properties, is depreciated at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and ten years.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual block, which is the lowest level for which cash flows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's (or CGU's) recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is then determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset (or CGU) is considered impaired and written down to its recoverable amount. Impairment losses of continuing operations are recognised in the consolidated income statement and statement of other comprehensive income.

Where conditions giving rise to an impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the consolidated income statement and statement of other comprehensive income, net of any depreciation that would have been charged since the impairment.

2 Basis of preparation and significant accounting policies continued

(e) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

i. Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL where the Group acquires the financial asset principally for the purpose of selling in the near term, is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking as well as all derivatives that are not designated and effective as hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other financial gains' in the consolidated income statement and statement of other comprehensive income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. All impairment losses are taken to the consolidated income statement and statement of other comprehensive income.

Trade receivables are assessed for impairment based on the number of days outstanding on individual invoices. Any trade receivable that is deemed uncollectible is immediately written off to the consolidated income statement and statement of other comprehensive income, any subsequent recoveries are also taken directly to the consolidated income statement and statement of other comprehensive income upon receipt of cash collected.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

ii. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL
Financial liabilities are classified at FVTPL where the financial liability is either held for trading or it is designated at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other financial gains' in the consolidated income statement and statement of other comprehensive income.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

iii. Cash and short-term deposits
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, short-term deposits and restricted cash.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

iv. Short-term investments
Short-term investments in the statement of financial position comprise cash deposits that are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rate.

v. Derivative financial instruments
The Group uses derivative financial instruments to manage its exposure to movements in oil and gas prices, interest rates and foreign exchange. The Group does not use derivatives for speculative purposes.

Derivative financial instruments – at fair value
Gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated income statement, except for the effective proportion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss. The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The estimated fair value of these derivatives is disclosed in derivative financial instruments in the consolidated statement of financial position and the related changes in the fair value are included in other financial gains unless designated as effective hedging instruments.

Cash flow hedges
The effective portion of the gain or loss on a cash flow hedging instrument is reported in other comprehensive income, while the ineffective portion is recognized in profit or loss. Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss.

The Group uses derivative commodity contracts to hedge its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 25a for more details.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

2 Basis of preparation and significant accounting policies continued

(f) Inventories

Inventories of oil and gas, materials and drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

(g) Provisions

General

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable than an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated income statement and statement of other comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement and statement of other comprehensive income as a finance cost. The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(h) Pensions and other post-retirement benefits

Up to 31 October 2016, the Company did not operate its own pension plan but made pension or superannuation contributions to private funds of its employees which are defined contribution plans. On 1 November 2016 the Group launched its own defined contribution scheme. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(i) Employee benefits

Salaries, wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(j) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Group has leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the consolidated income statement and statement of other comprehensive income on a straight line basis over the lease term.

(l) Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

i. Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly

ii. Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The consolidated income statement and statement of other comprehensive income reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the consolidated income statement and statement of other comprehensive income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'share of profit of investments accounted for using the equity method' in the consolidated income statement and statement of other comprehensive income.

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement and statement of other comprehensive income.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, sales taxes, excise duties and similar levies.

Revenue from the sale of oil and petroleum products is recognised on an entitlement basis when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts.

Gains and losses on derivative contracts and the revenue and costs associated with other contracts that are classified as held for trading purposes are reported on a net basis in the consolidated income statement and statement of other comprehensive income.

(n) Cost of sales

Underlift and overlift

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production is 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within receivables and payables respectively.

Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

2 Basis of preparation and significant accounting policies continued

(o) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in net finance expense in the consolidated income statement and statement of other comprehensive income.

(p) Finance costs and borrowings

Finance costs of borrowings are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Debt is shown on the consolidated statement of financial position net of arrangement fees and issue costs, and amortised through to the consolidated income statement and statement of other comprehensive income as finance costs over the term of the debt.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(q) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each consolidated statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous consolidated statement of financial position date is recognised in the consolidated income statement and statement of other comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(r) Foreign currency translation

The Group's consolidated financial statements are presented in US Dollars, which is also the parent company's functional currency. The functional currency for each entity in the Group is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the consolidated income statement and statement of other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

The assets and liabilities of foreign operations whose functional currency is other than that of the presentation currency of the Group are translated into the presentation currency, at the rate of exchange ruling at the consolidated statement of financial position date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement and statement of other comprehensive income.

(s) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the consolidated statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated income statement and statement of other comprehensive income.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged and credited in the consolidated income statement and statement of other comprehensive income as the underlying temporary difference is reversed.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the consolidated income statement and statement of other comprehensive income.

In order to account for uncertain tax positions, management has formed an accounting policy, in accordance with IAS 8, whereby the ultimate outcome of legal proceedings is viewed as a single unit of account. The results of separate hearings in relation to the same matter, such as local tribunals and international arbitration, are not viewed separately and only the final outcome is assessed by management to determine the best estimate of any potential outcome. If management viewed the results of individual hearings separately an income statement charge could arise due to the differing recognition criteria of assets and liabilities.

(t) Royalties, resource rent tax and revenue-based taxes

In addition to corporate taxes, the Group's consolidated financial statements also include and recognise as taxes on income, other types of taxes on net income such as certain royalties, resource rent taxes and revenue-based taxes.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government tax authority and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in cost of sales.

2 Basis of preparation and significant accounting policies continued

(u) Impairment

The accounting policies for the impairment of intangible exploration and evaluation assets and oil and gas properties are described in more detail in 2.3(b), 2.3(d) and 2.4.

The Group assesses at each reporting date whether there is an indication that an intangible asset or item of property, plant and equipment may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations (including impairment on inventories) are recognised in the consolidated income statement and statement of other comprehensive income in expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed, net of any depreciation that would have been charged since the impairment.

(v) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Judgements

Exploration and evaluation expenditure – accounting judgements

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploration, development or asset sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Management is also required to assess impairment in respect of exploration and evaluation assets. Note 13 discloses the carrying value of such assets. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the asset. Where this is no longer the case, the costs are immediately expensed. The triggering events for impairment are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established.

Income taxes – judgement of income taxes

The computation of the Group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine provisions for income taxes. In addition, the Group has carry forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. Management judgement is exercised in assessing whether this is the case. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. For more information see Note 11. Judgement is also required when determining whether a particular tax is an income tax or another type of tax (for example a production tax).

Balance Sheet classification and recoverability of asset carrying values – non-current assets held for sale

IFRS 5 requires an entity to classify a single non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. To qualify as held for sale, the asset must be available for immediate sale in its present condition and its sale must be highly probable. Asset sales are often complex transactions and negotiations can be a lengthy. Management judgement is required to determine whether the above held for sale conditions have been met when planning to sale an asset.

A significant area of judgement was the continuing reporting of the Group's share of the Block R licence in Equatorial Guinea as a non-current asset held for sale, despite FID having not taken place 1 year after initial classification. The delay in FID has been caused by circumstances beyond the Company's control and the Company remains committed in its plan to form the Joint Venture with OneLNG on FID of the asset, therefore management is satisfied that the conditions of IFRS 5 continue to be met. For more details on the progress of the Fortuna FLNG project, please see Page 35.

The key assumption made when estimating the recoverability of the Fortuna asset is that of FID itself taking place. Management believes this assumption reflects the progress made in 2017 as outlined on page 35. The only remaining milestone is that of project financing which Ophir, along with its partners will be looking to close out as quickly as possible.

Estimates

Oil and gas properties – estimation of oil and gas reserves

The determination of the Group's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the Group's estimates of its oil and natural gas reserves. The Group employs independent reserves specialists who periodically report on the Group's level of commercial reserves by evaluating the estimates of the Group's in-house reserves specialists and where necessary referencing geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Group's assets. In addition, the Group undertakes its own assessment of commercial reserves, using standard evaluation techniques and related future capital expenditure by reference to the same datasets using its own internal expertise. The estimates adopted by the Group may differ from the independent reserves specialists' estimates where management considers that adjustments are appropriate in the circumstances. The last assessment by its independent reserves specialist was as at 31 December 2017.

Estimates of oil and natural gas reserves are used to calculate depreciation, depletion and amortization charges for the group's oil and gas properties. The impact of changes in reserves is dealt with prospectively by amortizing the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an immediate write-down of the property's carrying value. The 2017 movements in contingent resources and proved and probable reserves are reflected in the tables on page 32. Information on the carrying amounts of the group's oil and natural gas properties, together with the amounts recognized in the income statement as depreciation, depletion and amortization is contained in Note 14 and Note 6a respectively.

Impairment of oil and gas properties – estimation on the recoverability of asset carrying values

Determination as to whether, and by how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas. For oil and natural gas properties, the expected future cash flows are estimated using management's best estimate of future oil and natural gas prices and production and reserves volumes. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

2 Basis of preparation and significant accounting policies continued

Macro assumptions used for prices and inflation were as follows. Brent oil price of $67.50/bbl (2016: $65/bbl), with the forward curve increased at an average of $5/bbl in the period 2018- 2021 and a tail-end increase of above $2.50/bbl. Gas price of $5.65/MMbtu flat (2016: $6.50/MMbtu escalated). The annual inflation assumption is 2% (2016: 2%).

For value-in-use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is derived from the cost of funding the Group calculated using an established model. The discount rates applied in assessments of impairment are reassessed each year. The method adopted for year-end 2017 represents a change from method adopted for year-end 2016, where a generic rate of 15% was used. For 2017, the Group average WACC was determined as 10%. The country specific discount rates were then derived by risking the Group average WACC. Reserves assumptions for value-in-use tests are restricted to proved and probable reserves.

The recoverability of exploration and evaluation assets is covered under exploration and evaluation expenditure – accounting judgements above.

Details of impairment charges and reversals recognised in the income statement and details on the carrying amounts of assets are shown in Note 13 and Note 14.

Decommissioning – estimation of provisions

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new technology or experience at other production sites. The expected timing, extent and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The estimated decommissioning costs are reviewed annually by management and the results of this review are then used for the purposes of the Group's consolidated financial statements.

Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

The timing and amount of future expenditures are reviewed annually, together with the interest rate used in discounting the cash flows. The interest rates used to determine the balance sheet obligations at the end of 2017 was 3.1% real (2016: 3.1% – 5.2%).

Provisions and contingent liabilities are discussed in Note 24.

Special remuneratory benefit tax – estimation of tax rate

The Group is subject to a special remuneratory benefit tax in Thailand, the rate for which depends on the annual revenue per cumulative metre drilled. Accordingly the tax rate to be applied in calculating the Group's deferred special remuneratory benefit tax depends on management's forecast of future revenues and drilling activities.

3 Assets classified as held for sale

On 10 November 2016 Ophir and OneLNG, a joint venture between subsidiaries of Golar LNG Limited and Schlumberger, announced that they had signed a binding Shareholders' Agreement to establish a Joint Venture ("JV") to develop the Fortuna project, in Block R, offshore Equatorial Guinea utilising Golar's FLNG technology. OneLNG and Ophir will have 66.2% and 33.8% ownership of the JV respectively. The JV will facilitate the financing, construction, development and operation of the integrated Fortuna project and, from FID, will own Ophir's share of the Block R licence. Management has classified the Fortuna asset as held for sale. Please see note 2.4 Judgements, Balance Sheet classification and recoverability of asset carrying values – non-current assets held for sale.

Ophir's share of the Block R licence classified as held for sale at 31 December 2017 was:

	$'000 2017	$'000 2016
Assets		
Exploration and evaluation assets	**604,432**	588,770
Assets classified as held for sale	**604,432**	588,770

4 Segmental analysis

The Group's reportable and geographical segments are Africa, Asia and Other. The other segment relates substantially to activities in the UK.

Segment revenues and results

The following is an analysis of the Group's revenue and assets by reportable segment:

	Year ended 31 December 2017			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Revenue sales of crude oil and gas	–	188,527	–	188,527
Depreciation and amortisation	–	(77,529)	(542)	(78,071)
Impairment of exploration costs	(60,744)	(15,887)	(21)	(76,652)
Reversal of Impairment of oil and gas properties	–	23,681	–	23,681
Impairment of investments accounted for using the equity method	–	7,800	–	7,800
Share of profit of equity-accounted joint venture	–	4,181	–	4,181
Operating profit/(loss)	(58,783)	34,604	(29,623)	(53,802)
Finance income	9	93	1,955	2,057
Finance expense	148	(994)	(14,118)	(14,964)
Other financial gains	–	–	2,300	2,300
Profit/(loss) before tax	(58,626)	33,703	(39,486)	(64,409)
Taxation	5,296	(52,676)	(3)	(47,383)
Profit/(loss) after tax	(53,330)	(18,973)	(39,489)	(111,792)
	As at 31 December 2017			
Total assets and total liabilities				
Total assets	729,337	1,113,555	151,740	1,994,632
Total liabilities	(45,443)	(479,495)	(8,385)	(533,323)
Investments accounted for using the equity method		120,964		120,964
	Year ended 31 December 2017			
Additions to non-current assets	13,384	62,780	8,736	84,900

4 Segmental analysis continued

	Year ended 31 December 2016			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Revenue sales of crude oil	–	107,178	–	107,178
Depreciation and amortisation	(12)	(53,197)	(2,093)	(55,302)
Impairment of exploration costs	(3,749)	(96,391)	–	(100,140)
Impairment of oil and gas properties	–	84,100	–	84,100
Impairment of investments accounted for using the equity method	–	–	–	–
Share of profit of equity-accounted joint venture	–	4,417	–	4,417
Operating (loss)/profit	12,404	(5,864)	(35,023)	(28,483)
Finance income	–	97	1,862	1,959
Finance expense	(462)	(22,057)	(1,035)	(23,554)
Other financial gains	–	–	–	–
Loss before tax	11,942	(27,824)	(34,196)	(50,078)
Taxation	(9,944)	(17,384)	(40)	(27,368)
Loss after tax	1,998	(45,208)	(34,236)	(77,446)
	As at 31 December 2016			
Total assets and total liabilities				
Total assets	778,065	1,148,674	281,464	2,208,203
Total liabilities	(111,207)	(517,504)	(4,415)	(633,126)
Investments accounted for using the equity method	–	130,736	–	130,736
	Year ended 31 December 2016			
Additions to non-current assets	100,654	24,342	819	125,815

Non-current operating assets
The non-current operating assets for the UK are $1.5 million (2016: $2.7 million). The non-UK, non-current operating assets are $948.3 million (2016: $1,010.2 million). Included in the non-UK, non-current operating assets is Thailand which makes up $414.9 million (2016: $421.3 million), Indonesia $284.9 million (2016: 288.4 million), Tanzania $106.0 million (2016: $120.5 million).

Revenue from major customers
All sales of crude oil are to a single customer PTT Public Company Limited (PTT). PTT is a Thai state-owned oil and gas company that is listed on the Stock Exchange of Thailand.

All sales of gas are to a single customer Perusahaan Listrik Negara (PLN). PLN is an Indonesian state owned electricity company.

5 Revenue

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Sales of crude oil	**169,461**	105,731
Sales of gas	**19,066**	1,447
	188,527	107,178

6 Operating (loss)/profit before taxation

The Group's operating (loss)/profit before taxation included the following items:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
(a) Cost of sales:		
– Operating costs	48,864	43,188
– Royalty payable	14,057	9,135
– Depreciation and amortisation of oil and gas properties	77,529	52,703
– Movement in inventories of oil	7,127	(9,583)
	147,577	95,443
(b) Exploration expenses:		
– Pre-licence and other exploration costs	15,728	20,476
– Exploration expenditure written off (Note 13)	76,652	100,140
– Exploration inventory provision (reversal)/expense	(544)	14,636
	91,836	135,252
(c) Other operating expense:		
– Loss/(profit) on disposal of assets	(180)	–
– Depreciation of other property, plant & equipment	288	434
–Provision/(provision release) for exiting contract (Note 24)	8,900	(10,000)
– Release of litigation provisions	–	(10,516)
– Restructuring costs	1,935	–
– Other	756	137
	11,699	(19,945)
(d) General & administration expenses include:		
– Operating lease payments	3,424	3,069
– Share-based payment expense	3,905	2,986
	7,329	6,055

7 Net finance expense

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Interest income on short-term bank deposits	2,057	1,959
Interest expense on long term borrowings[1]	(15,218)	(7,564)
Unwinding of discount (Note 24)	(1,449)	(2,568)
Net foreign currency exchange gains/(losses)	1,817	(13,422)
Other Interest (expense)/income	(114)	–
	(12,907)	(21,595)

1 Includes interest capitalised of $8.7 million in 2016 using a rate of 6.7% for 6 months.

8 Other financial gains

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Gain relating to oil derivatives	2,300	–
	2,300	–

9 Auditors' remuneration

The Group paid the following amounts to its Auditors in respect of the audit of the financial statements and for other services provided to the Group.

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
(a) Paid/payable to Ernst & Young LLP		
Audit of the financial statements	755	638
Local statutory audits of subsidiaries	216	255
Total audit services	971	893
Audit related assurances services	19	29
	990	922
(b) Paid/payable to Auditor if not Ernst & Young LLP		
Local statutory audits of subsidiaries	–	–
	990	922

10 Staff costs and Directors' emoluments

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Salaries and wages	29,096	37,207
Social security costs	4,051	5,539
Contributions to pension plans/superannuation funds	1,529	2,031
Share-based payment expense	3,905	2,984
	38,581	47,761

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Aggregate compensation:		
Salaries and wages	4,452	7,182
Social security costs	560	887
Contributions to pensions/superannuation funds	247	295
Compensation for loss of office	129	–
Share-based payment (credit)/expense	673	(924)
	6,061	7,440

Key management emoluments above exclude aggregate gains made by Directors on the exercise of share options of Nil (2016: $206,680).

(c) Directors' emoluments

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Aggregate compensation:		
Salaries and wages	2,098	2,343
Bonuses	530	1,737
Social security costs	346	537
Contributions to pensions/superannuation funds	126	139
Compensation for loss of office	129	–
Other benefits	17	18
	3,246	4,774

Directors' emoluments above exclude aggregate gains made by Directors on the exercise of share options of Nil (2016 $206,680).

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Share-based payment (credit)/expense	(503)	(2,628)
Number of Directors to whom superannuation or pension benefits accrued during the year	3	3

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
CEO	1	1
Exploration and technical	112	131
Commercial and support	170	177
	283	309

11 Taxation

(a) Taxation (credit)/charge

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Foreign tax:		
Special remuneratory benefit	13,696	1,861
Other foreign tax	13,901	8,952
Special remuneratory benefit – adjustments in respect of prior periods	–	1,180
Other foreign tax – adjustments in respect of prior periods	4,997	11,681
Total current income tax charge	32,594	23,674
Deferred tax:		
Origination and reversal of temporary differences		
Special remuneratory benefit	27,378	9,693
Other foreign tax	(12,589)	(5,999)
Total deferred income tax charge	14,789	3,694
Tax charge in the consolidated income statement and statement of other comprehensive income	47,383	27,368

Special remuneratory benefit (SRB) is a tax that arises on one of the Group's assets, Bualuang in Thailand at rates that vary from zero to 75% of annual petroleum profit depending on the level of annual revenue per cumulative metre drilled. The current rate for SRB for 2017 was 18% (2016: 4%). Petroleum profit for the purpose of SRB is calculated as revenue less a number of deductions including operating costs, royalty, capital expenditures, special reduction (an uplift of certain capital expenditures) and losses brought forward.

11 Taxation continued

(b) Reconciliation of the total tax (credit)/charge

The tax benefit not recognised in the consolidated income statement and statement of other comprehensive income is reconciled to the Group's weighted average tax rate of 48% (2016: 25%). The weighted average tax rate for 2017 is based on profit making jurisdictions only as this is deemed to be the most appropriate rate. The differences are reconciled below:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
(Loss)/profit on operations before taxation	(64,409)	(50,078)
(Loss)/profit on operations before taxation multiplied by the weighted average corporate tax rate for the Group of 48% (2016: 25%)	(31,175)	(12,502)
Non-deductible expenditure	27,229	25,662
Share-based payments	762	1,493
Tax effect of SRB	20,537	6,367
Tax effect of equity accounted investments	(2,091)	(2,208)
Movement in unrecognised deferred tax assets	1,096	(3,115)
Other adjustments	6,349	(1,189)
Adjustment in respect of prior periods	(5,580)	12,860
Effect of different tax rates on loss making jurisdictions[1]	30,256	–
Total tax (credit)/charge in the consolidated income statement and statement of other comprehensive income	47,383	27,368

1 Loss making jurisdictions have been disregarded in the calculation of weighted average tax rate in 2017.

(c) Reconciliation of SRB charge to loss from operations before taxation

The taxation charge for SRB for the year can be reconciled to the loss from operations before tax per the consolidated income statement and statement of other comprehensive income as follows:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Loss from operations before taxation	(64,409)	(50,078)
Add back losses from operations before taxation for activities outside of Thailand	132,165	91,687
Loss from operations before taxation for activities in Thailand	67,756	41,609
Deduct share of profit of investments accounted for using the equity method	(4,181)	(4,417)
Loss before taxation for activities in Thailand	63,575	37,192
Applicable rate of SRB	18%	4%
Tax at the applicable rate of SRB	11,443	1,488
Change in average SRB deferred tax rate	13,697	15,397
Effect of average SRB deferred tax rate compared to current SRB tax rate	619	(3,207)
Other non-deductible costs	8,124	(2,124)
Adjustment in respect of prior periods	7,191	1,179
Total SRB charge	41,074	12,733

(d) Deferred tax

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Deferred tax balances relate to the following:		
Corporation tax on fixed asset timing differences	(241,275)	(235,183)
SRB tax on fixed asset timing differences	(28,033)	(14,344)
Tax Losses	4,817	–
	(264,491)	(249,527)

(e) UK unrecognised temporary differences

The group has pre-trading expenditure and unused tax losses in the UK of $694 million (2016: $655 million). Of this amount, pre-trading expenditure of $25 million will expire in the future if the company does not commence trading within seven years of the year in which the expenditure was incurred. Deferred tax assets have not been recognised in respect of these deductible temporary differences and unused tax losses as there is not sufficient certainty that taxable income will be realised in the future due to the nature of the Group's international exploration activities and the long lead times in either developing or otherwise realising exploration assets.

12 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
(Loss)/profit for the year	(111,792)	(77,446)
(Loss)/profit attributable to equity holders of the parent	(111,792)	(77,446)
	Cents	Cents
Basic (loss)/earnings per ordinary share	**(15.8)**	**(11.0)**
Diluted (loss)/earnings per ordinary share	**(15.8)**	**(11.0)**

	As at 31 Dec 2017	As at 31 Dec 2016
Number of shares (millions)		
Basic weighted average number of shares	706	706
Potentially dilutive share options and warrants	17	19
	723	725

No ordinary shares of 0.25p each have been issued on exercise of options and warrants between the year ended 31 December 2017 and the date of approval of these consolidated financial statements.

13 Exploration and evaluation assets

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Cost		
Balance at the beginning of the year	310,229	879,914
Additions[1]	40,788	119,225
Disposal of asset	(150)	–
Transfers to oil and gas properties	(10,608)	–
Reclassified as assets held for sale	(15,663)	(588,770)
Expenditure written off[2]	(76,652)	(100,140)
Balance at the end of the year	247,944	310,229

1 Additions for the year ended 31 December 2017 include exploration activities in: Equatorial Guinea – Block R ($15.7 million subsequently reclassified as an asset held for sale), Myanmar ($2.9 million), West Papua IV ($4.6 million) and Mexico Block 5 ($8.5 million). Additions for the year ended 2016 included exploration activities in: Equatorial Guinea – Block R ($41.5 million), Côte d'Ivoire – 513 ($19.6 million), Tanzania – Blocks 1 & 4 ($22.7 million), Myanmar – Block AD03 ($8.7 million) and Malaysia –Block 2A ($7.7 million).

2 Expenditure written off in the year was ($77 million) mainly attributable to Cote d'Ivoire ($32 million) and Gabon ($32 million). The CGU applied for the purpose of the impairment assessment is the Blocks. The recoverable amount of each Block was nil. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current licence terms.
Expenditure written off for the year ended 31 December 2016 was $100 million. The significant write offs included within the $100.0 million was in respect of Thailand – G4/50: loss of $57.6m and Indonesia: loss of $37m. The CGU applied for the purpose of the impairment assessment is the Blocks. The recoverable amount of each Block was nil. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current licence terms.

The Group generally estimates value in use using a discounted cash flow model. Future cash flows are discounted to their present values using a pre-tax discount rate ranging between 8% – 22% (2016: 15%). Adjustments to cash flows are made to reflect the risks specific to the CGU.

14 Oil and gas properties

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Cost		
Balance at the beginning of the year	**875,278**	869,852
Additions[1]	**43,909**	5,426
Transfers from Exploration and evaluation assets	**10,608**	–
Balance at the end of the year	**929,795**	875,278
Depreciation and amortisation		
Balance at the beginning of the year	**(176,278)**	(207,675)
Charge for the year	**(77,529)**	(52,703)
Impairment reversal[2]	**23,681**	84,100
Balance at the end of the year	**(230,126)**	(176,278)
Net book value		
Balance at the beginning of the year	**699,000**	662,177
Balance at the end of the year	**699,669**	699,000

1 Additions in 2016 were stated net of a $19.2 million decommissioning remeasurement.
2 The 2017 Impairment reversal was due to further increased reserves related to the Bualuang infill drilling results in Thailand which had a recoverable amount of $424m based on management's estimate of value in use. The discount rate used was 22% (pre-tax).
The 2016 Impairment reversal was due to increased reserves related to the Bualuang oil field in Thailand which had a recoverable amount of $410.7m based on management's estimate of value in use. The discount rate used was 15% (pre-tax).

15 Other property, plant and equipment

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	11,991	10,826
Additions	203	1,165
Balance at the end of the year	12,194	11,991
Depreciation		
Balance at the beginning of the year	(8,285)	(5,686)
Depreciation charge for the year	(1,698)	(2,599)
Balance at the end of the year	(9,983)	(8,285)
Net book value		
Balance at the beginning of the year	3,706	5,140
Balance at the end of the year	2,211	3,706

16 Other long term receivables

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Security deposits – Rental properties	2,356	2,166
Other long term receivables	18,849	18,937
	21,205	21,103

17 Inventory

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Oil and condensate	3,988	11,111
Materials and consumables	36,659	35,627
	40,647	46,738

The inventory valuation is stated net of a provision of $10.1 million (2016: $14.6 million) to write inventories down to their net realisable value.

18 Trade and other receivables

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Trade and other debtors	20,877	24,342
Prepayments	3,779	7,977
	24,656	32,319

All debtors are current. There are no receivables that are past due or impaired. Trade and other debtors primarily relate to receivables from joint operation partners.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

19 Cash and cash equivalents

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Cash	99,822	130,677
Cash equivalents	123,957	229,747
	223,779	360,424

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $223.8 million (2016: $360.4 million).

Cash and cash equivalents at 31 December 2017 includes $11.5 million (2016: $8.6 million) of restricted bank guarantees.

20 Trade and other payables

	As at 31 Dec 2017 $'000	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000
	Within 1 year	After 1 year	Within 1 year	After 1 year
Trade payables	9,058	–	7,658	–
Accruals and deferred income	42,219	15,279	71,196	10,285
Payables in relation to joint operation partners	1,097	–	14,544	–
	52,374	15,279	93,398	10,285

Trade payables are unsecured and are usually paid within 30 days of recognition.

21 Interest bearing bank loans

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Long-term balance at the beginning of the year	83,915	115,949
Short-term balance at the beginning of the year	9,741	37,059
Less: amounts repaid during the year	(93,656)	(59,352)
Less: amounts due within one year	–	(9,741)
Total borrowings due after one year	–	83,915

During the period, Ophir repaid its outstanding debt on the 2012 reserves based lending (RBL) facility. Ophir has replaced this facility with a new $250 million RBL facility secured against the group's producing assets in Southeast Asia. The RBL has a seven year term and matures on 30 June 2024. In addition to the committed $250 million, a further $100 million is available on an uncommitted "accordion" basis. Interest will accrue at a rate of between 4% and 4.5% plus LIBOR depending on the maturity of the facility. The new RBL facility is currently undrawn, with an available facility as at 31 December 2017 of $204 million (2016: $10.3 million). Of the $5.8 million of transaction costs in relation to the new facility, $4.4 million have been deferred as a prepayment within 'other long term receivables' on the balance sheet and are being amortised over the term of the facility.

22 Bonds payable

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Balance at the beginning of the year	106,651	106,651
Coupon interest charged	10,218	10,218
Interest paid	(10,218)	(10,218)
Balance at the end of the year	106,651	106,651

The unsecured callable bonds were issued by Salamander Energy plc in December 2013 at an issue price of $150 million. The bonds have a term of six years and one month and will be repaid in full at maturity. The bonds carry a coupon of 9.75% and were issued at par. On 5 May 2015, bond holders exercised put options at 101% for the redemption of bonds with a par value of $45.2 million.

23 Net debt

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Amounts due on maturity:		
Interest bearing bank loans (see Note 21)	–	(93,656)
Bonds payable (see Note 22)	(106,651)	(106,651)
Total gross debt	(106,651)	(200,307)
Less cash and cash equivalents (see Note 19)	223,779	360,424
Total net cash	117,128	160,117

At the balance sheet date, the bank borrowings are calculated to be repayable as follows:

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
On demand or due within one year	–	9,741
In the second year	–	43,831
In the third to fifth year inclusive	106,651	146,735
After five years	–	–
Total principal payable on maturity	106,651	200,307

24 Provisions

	Decommissioning and restoration of oil and gas $'000	Litigation and other claims $'000	Other provision $'000	Total $'000
At 31 December 2016	50,550	15,833	–	66,383
Arising during the period	–	–	507	507
Utilised/paid	–	(14,358)	–	(14,358)
Unwinding of discount (Note 7)	1,449	–	–	1,449
Amounts released	–	(1,475)	–	(1,475)
Remeasurement	(742)	–	–	(742)
Additions	–	–	8,900	8,900
At 31 December 2017	**51,257**	**–**	**9,407**	**60,664**
Balance at the end of the year				
Current	–	–	9,399	9,399
Non-current	51,257	–	8	51,265

Decommissioning and restoration of oil and gas assets
The decommissioning of oil and gas properties is expected to fall due from 2032 onwards.

Litigation and Other Claims
Litigation and other claims consist of claims arising from trading activities, which have been settled by 31 December 2017.

Other provisions
Amounts provided at 31 December 2017 comprise $0.5 million provision representing the organisational changes as part of the Ophir Board's strategy to reduce the company's underlying cost base in recognition of lower exploration activity.

A provision of $8.9 million was raised representing the unavoidable net cost of exiting a contract.

25 Financial instruments

Capital risk management
The Group manages its capital to ensure that entities in the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the interest bearing bank loans and bonds payable as disclosed in Notes 21 and 22 of these consolidated financial statements, cash and cash equivalents as disclosed in Note 19 of these consolidated financial statements, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 26, 29 and 30 of these consolidated financial statements and in the consolidated statement of changes in equity. This is further discussed in the Principal risks section of these Annual Report and Accounts.

To maintain or adjust the capital structure, the Group may issue new shares for cash, engage in active portfolio management, or other such restructuring activities as appropriate.

Gearing Ratio
Management reviews the capital structure on a continuing basis. The gearing ratio is defined as net debt divided by equity attributable to equity holders of the Company plus net debt. At the year-end it was calculated as follows:

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Net cash (see Note 23)	117,128	160,117
Equity plus net debt	(1,344,181)	(1,414,960)
Gearing ratio	(8.7)%	(11.3)%

Significant Accounting Policies
Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which the income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the statement of accounting policies.

25 Financial instruments continued

Financial assets and liabilities

Current assets and liabilities

Management consider that due to the short-term nature of current assets and liabilities, the carrying values equates to their fair value.

Non-current assets and liabilities

The carrying value and fair values of non-current financial assets and liabilities are shown in the following tables:

	As at 31 Dec 2017 $'000	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets:				
Security deposits	2,356	2,356	2,166	2,166
Financial liabilities:				
Interest bearing bank loans	–	–	(93,656)	(92,760)
Bonds payable	(106,651)	(109,870)	(106,651)	(108,337)

Financial risk management

The Group's principal financial assets and liabilities comprise of trade and other receivables, cash and cash equivalents, short-term investments and trade and other payables, interest bearing bank loans, bonds payable, security deposits and derivative liabilities, which arise directly from its operations. Details are disclosed in Notes 18 to 22 of these consolidated financial statements. The main purpose of these financial instruments is to manage short-term cash flow and provide finance for the Group's operations.

The Group's senior management oversees the management of financial risk and the Board of Directors has established an Audit Committee to assist in the identification and evaluation of significant financial risks. Where appropriate, consultation is sought with an external adviser to determine the appropriate response to identified risks. The Group does not trade in derivatives for speculative purposes.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are commodity, credit, interest rate, foreign currency and liquidity risks.

(a) Commodity price risk

The Group's policy is to consider oil and gas price hedging when and where it is economically attractive to lock-in prices at levels that protect the cash flow of the Group, its business plan and debt related coverage ratios. All hedging transactions to date have been related directly to expected cash flows and no speculative transactions have been undertaken.

In late 2017, the Group hedged approximately 27% of its 2018 production. The Group purchased, with a zero cost structure, a Brent swap at an average $59.68/bbl and a call at an average price of $68.08/bbl, both for 3,200 bpd. The hedging relationship is for a period of 12 months, based on forecast cash flows.

As at 31 December 2017, the fair value of outstanding commodity contracts amounted to a liability of $3.5 million. For cash flow hedges the group only claims hedge accounting for the intrinsic value of the contract with any fair value attributable to time value taken immediately to the income statement. The amount in equity at 31 December 2017 is $5.8 million maturing in 2018, with $2.3m recognised in other financial gains.

(b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk of third parties is the aggregate of the carrying value of its security deposits, cash and cash equivalents, short-term investments and trade and other receivables.

In respect of the Group's trade sales, the Group manages credit risk through dealing with, whenever possible, either international energy companies or state owned companies based in Thailand and Indonesia and obtaining sufficient collateral where appropriate. The Group consistently monitors counterparty credit risk. The carrying value of financial assets recorded in these financial statements represents the Group's maximum exposure to credit risk at the year-end without taking account of any collateral obtained. In addition, the Group's operations are typically structured via contractual joint venture arrangements. As such the Group is reliant on joint venture partners to fund their capital or other funding obligations in relation to assets and operations which are not yet cash generative. The Group closely monitors the risks and maintains a close dialogue with those counterparties considered to be highest risk in this regard.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2017					
Current financial assets					
Cash and cash equivalents	147,865	69,537	6,324	53	223,779
Trade and other receivables	–	–	–	12,515	12,515
	147,865	69,537	6,324	12,568	236,294
Non-current financial assets					
Security deposits	–	–	–	2,356	2,356
	–	–	–	2,356	2,356

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with which the financial asset is held rather than the rating of the financial asset itself.

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	No default customers $'000	Total $'000
Year ended 31 December 2016					
Current financial assets					
Cash and cash equivalents	136,305	218,720	5,310	89	360,424
Trade and other receivables	–	–	–	19,973	19,973
	136,305	218,720	5,310	20,062	380,397
Non-current financial assets					
Security deposits	–	–	–	2,166	2,166
	–	–	–	2,166	2,166

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with which the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than twelve months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

(c) Interest rate risk

The Group is exposed to interest rate movements through its interest bearing bank loans, bonds payable, cash and cash equivalent deposits and short-term investments, which are at rates fixed to LIBOR.

The sensitivity analysis below has been determined based on the Group's exposure to an interest rate movement and is prepared assuming the amount of the net debt outstanding at the balance sheet date was outstanding for the whole year.

For net debt, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2017 would have decreased by $0.5 million (2016: loss decrease $0.8 million) or increased by $0.5 million (2016: loss increase $0.8 million) respectively.

The sensitivity in 2017 was maintained at 0.5% as interest rate volatilities remain similar to those in the prior period.

(d) Foreign currency risk

The Group has currency exposures arising from assets and liabilities denominated in foreign currencies and transactions executed in currencies other than the respective functional currencies.

The Group, with the exception of Ophir Services Pty Ltd, have adopted US Dollars as their functional and reporting currencies as this represents the currency of their primary economic environment as the majority of the Group's funding and expenditure is US Dollars. Ophir Services Pty Ltd has adopted the Australian Dollar as its functional currency.

The Group's exposure to foreign currency risk is managed by holding the majority of its funds in US Dollars, as a natural hedge, with remaining funds being held mainly in Pounds Sterling (GBP), Australian Dollars (AUD), Euros (EUR) and Thailand Baht (THB) to meet commitments in those currencies.

As at 31 December 2017, the Group's predominant exposure to foreign exchange rates related to cash and cash equivalents held in GBP by companies with US Dollar functional currencies.

25 Financial instruments continued

At the statement of financial position date, the Group's net debt had the following exposure to GBP, THB and AUD foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Financial assets		
Cash and cash equivalents		
AUD	224	522
GBP	3,143	9,540
THB	63,916	7,359
OTHER	–	557
	67,283	17,978
Net Exposure	**67,283**	**17,978**

The following table demonstrates the sensitivity to reasonable possible changes in GBP, AUD and THB against the US Dollar exchange rates with all other variables held constant, of the Group's (loss)/profit before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax Higher/(lower)		Equity Higher/(lower)	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
US Dollar to GBP +5% (2016: +5%)	87	405	87	405
US Dollar to GBP -5% (2016: -5%)	(87)	(405)	(87)	(405)
US Dollar to AUD +5% (2016: +5%)	(2)	(21)	(2)	(21)
US Dollar to AUD -5% (2016: -5%)	2	21	2	21
US Dollar to THB +5% (2016: +5%)	3,039	296	3,039	296
US Dollar to THB -5% (2016: -5%)	(3,039)	(296)	(3,039)	(296)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations.
- The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Group.

(e) Liquidity risk

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents, and borrowing facilities to meet its forecast short, medium and long-term commitments. The Group continually monitors its actual and forecast cash flows to ensure that there are adequate reserves and banking facilities to meet the maturing profiles of its financial assets and liabilities.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group was required to pay at the balance sheet date. The table includes both interest and principal cash flows.

	As at 31 December 2017						
	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	Greater than 5 years $'000	Total $'000
Non-interest bearing	(50,499)	–	–	–	–	–	(50,499)
Variable interest rate instruments	–	–	–	–	–	–	–
Fixed interest rate instruments:	–	–	–	–	–	–	–
– Bond payable	–	–	(106,651)	–	–	–	(106,651)
Oil price derivatives	(3,582)	–	–	–	–	–	(3,582)
Total	(54,081)	–	(106,651)	–	–	–	(160,732)

	As at 31 December 2016						
	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	Greater than 5 years $'000	Total $'000
Non-interest bearing	(65,039)	–	–	–	–	–	(65,039)
Variable interest rate instruments	(9,741)	(43,831)	(40,084)	–	–	–	(93,656)
Fixed interest rate instruments:							
– Bond payable	–	–	–	(106,651)	–	–	(106,651)
Total	(74,780)	(43,831)	(40,084)	(106,651)	–	–	(265,346)

Additionally, Notes 32 and 33 of these consolidated financial statements set out the Group's outstanding financial commitments at the year end.

(f) Disclosure of fair values

The carrying value of security deposits, borrowings and derivative financial instruments are disclosed in the financial statements as at 31 December 2017. The fair value of these assets and liabilities are disclosed in the table of financial assets and liabilities on page 126 of these consolidated financial statements.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of the group's long term borrowings are determined using quoted prices in active markets, and so fall within level 1 of the fair value hierarchy.

The fair value of commodity hedges are provided by banks using industry standard models that consider various assumptions, including quoted forward prices, time value and other relevant economic factors. These derivative contracts are categorised within level 2 of the fair value hierarchy.

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Level 1	(109,870)	(108,337)
Level 2	(3,582)	–
Level 3	2,356	(90,594)
	(111,096)	(198,931)

There were no transfers between fair value levels during the year.

(g) Changes in liabilities arising from financing activities

	1 January 2017 $'000	**Cash flows $'000**	**Other $'000**	**31 December 2017 $'000**
Current interest-bearing bank borrowings	9,741	(9,741)	–	–
Non-current interest bearing bank borrowings	83,915	(83,915)	–	–
Bonds payable	106,651	–	–	106,651
Total liabilities from financing activities	200,307	(93,656)	–	106,651

	1 January 2016 $'000	Cash flows $'000	Other $'000	31 December 2016 $'000
Current interest-bearing bank borrowings	37,059	(37,059)	9,741	9,741
Non-current interest bearing bank borrowings	115,949	(22,293)	(9,741)	83,915
Bonds payable	106,651	–	–	106,651
Total liabilities from financing activities	259,659	(59,352)	–	200,307

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings due to the passage of time.

26 Called up share capital

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407 (2016: 746,019,407)	3,061	3,061
In issue at the end of the year 746,019,407 (2016: 746,019,407)	3,061	3,061

The balances classified as called up; allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

27 Investments accounted for using the equity method

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Company		
APICO LLC	27.18%	27.18%
APICO (Khorat) Holdings LLC	27.18%	27.18%
APICO (Khorat) Limited	27.18%	27.18%

The investments in the jointly controlled entities have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements.

APICO LLC is a limited liability company formed in the State of Delaware, USA. APICO LLC wholly owns APICO (Khorat) Holdings LLS a limited liability company formed in the State of Delaware, USA. APICO (Khorat) Holding LLC wholly owns APICO (Khorat) Limited which is a Thai limited company that was incorporated and has its principal place of business in the Kingdom of Thailand.

The Group's primary business purpose is the acquisition, exploration, development and production of petroleum interests in the Kingdom of Thailand.

The Group's share of the results of its joint venture and the Group share of its assets and liabilities as at 31 December 2017 are shown in the tables below:

Results for the year ended	Year ended 31 Dec 2017 $'000	Year Ended 31 Dec 2016 $'000
Sales and other operating revenues	12,215	14,617
Profit before interest and taxation	7,213	7,623
Net finance costs	(136)	(219)
Profit before taxation	7,077	7,404
Taxation	(2,896)	(2,987)
Profit for the period	4,181	4,417

Summarised financial information of APICO LLC

Results for the year ended	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Sales and other operating revenues	44,941	53,778
Profit before interest and taxation	26,537	28,046
Net finance costs	(500)	(806)
Profit before taxation	26,037	27,240
Taxation	(10,654)	(10,990)
Profit for the period	15,383	16,250

Group share of assets and liabilities	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Non-current assets	46,147	46,878
Current assets	3,903	6,207
Total assets	50,050	53,085
Current liabilities	(4,760)	(5,240)
Non-current liabilities	(2,077)	(2,414)
Total liabilities	(6,837)	(7,654)
Net assets	43,213	45,431

The following table shows the movement in investments in the jointly controlled entities:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Balance at the beginning of the year	130,736	130,200
Additions	370	1,283
Impairment[1]	(7,800)	–
Share of profit of investments	4,181	4,417
Dividends received	(6,523)	(5,164)
Balance at the end of the year	120,964	130,736

1 The 2017 Impairment was due to the effect of lower nominations and reclassification of resources to reserves. The Sinphuhorm asset had a recoverable amount of $121m based on management's estimate of value in use. The discount rate used was a pre-tax rate of 14% (2016:15%).

28 Treasury shares

Ordinary shares of 0.25p each held by the Group as treasury shares	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Balance at the beginning of the year 39,918,385 (2016: 40,227,138)	153	155
Disposed of on exercise of share options during the year: 207,562 (2016: 308,753)	(1)	(2)
Balance at the end of the year 39,710,823 (2016: 39,918,385)	152	153

Treasury shares represent the cost of shares in the Company purchased in the market and held by the Company to satisfy options under the Group's employee incentive share option plans (refer to Note 31 of these consolidated financial statements).

29 Reserves

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Treasury shares (Note 28)	(152)	(153)
Other reserves (Note 30)	1,458,680	1,572,449
	1,458,528	1,572,296
Non-controlling interest[1]	(280)	(280)
	1,458,248	1,572,016

1 The non-controlling interest relates to Dominion Uganda Ltd, where the Group acquired a 95% shareholding during 2012.

30 Other reserves

	Share premium[1] $'000	Capital redemption[2] reserve $'000	Option premium[3] reserve $'000	Consolid-ation[4] reserve $'000	Merger reserve[5] $'000	Equity component on convertible bond[6] $'000	Foreign currency translation[7] reserve $'000	Cash flow hedges[8] $'000	Accumulated profits/ (losses) $'000	Total other reserves $'000
As at 1 January 2016	807,427	160	54,808	(500)	667,337	669	5,538	–	111,439	1,646,878
Profit for the period, net of tax	–	–	–	–	–	–	–	–	(77,446)	(77,446)
Other comprehensive income, net of tax	–	–	–	–	–	–	31	–	–	31
Total comprehensive loss, net of tax	–	–	–	–	–	–	31	–	(77,446)	(77,415)
Share-based payment	–	–	2,986	–	–	–	–	–	–	2,986
As at 31 December 2016	807,427	160	57,794	(500)	667,337	669	5,569	–	33,993	1,572,449
Profit for the period, net of tax	–	–	–	–	–	–	–	–	(111,792)	(111,792)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	(5,882)	–	(5,882)
Total comprehensive income, net of tax	–	–	–	–	–	–	–	(5,882)	(111,792)	(117,674)
Share-based payment	–	–	3,905	–	–	–	–	–	–	3,905
Transfers within reserves	–	–	–	–	(341,792)	–	–	–	341,792	–
As at 31 December 2017	807,427	160	61,699	(500)	325,545	669	5,569	(5,882)	263,993	1,458,680

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.
2 The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.
3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.
4 The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity.
5 In 2017, the premium arising on the 2012 Dominion Petroleum acquisition, which was classified within the merger reserves according to the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613), was realised to accumulated profits/(losses)as a result of the full impairment of the Dominion Group in previous years.
6 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.
7 The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.
8 The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. It includes $5.8 million relating to commodity price hedges which will only be reclassified to the income statement once the forecast sale occurs. For further information on the accounting for cash flow hedges see Note 2.3 (e) financial instruments.

31 Share-based compensation

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determine the vesting terms, if any, subject to the proviso that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long Term Incentive Share Option Plan

On 26 May 2011, the Board resolved to establish the Ophir Energy Long Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan

On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP Awards as and when they are exercised. No shares have been acquired by the Trust.

Ophir Energy plc Net Asset Value (NAV) Scheme

On 10 May 2016 the Board resolved to establish the Ophir Energy Long-Term value creation plan 2016, effective 1 January 2016 to all Ophir employees participating in the plan. The plan only rewarding if the Group delivers long-term growth in NAV per share which is measured based on well-defined NAV events. When an event does take place, 12.5% of the increase in NAV above the prior Benchmark NAV will be used to create a reward pool. NAV events will generally be monetisation events such as farm-outs and asset sales, which have defined values, and the risked value of development assets once a Final Investment Decision (FID) is taken or first production takes place to ensure NAV events are tangible and demonstrably value creating. The impact of commodity prices is factored out of the scheme so that these events are neutral to ensure that the reward pool is not artificially inflated or deflated by the commodity cycle. Similarly, cash distributions, fundraising or capital changes are also factored out of the scheme. When a reward pool is created, it will be distributed with the following features to apply to Executive Directors:

- Individual rewards are capped;
- 75% of NAV scheme rewards are delivered as deferred shares that vest after three, four and five years with a requirement for the total number of after tax shares to be retained for a minimum of five years;
- 25% of rewards are delivered in cash; and
- recovery and withholding provisions apply to ensure that only true value creation is the basis of rewards.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding options at the beginning of year	19,285,299	$0.48/£0.36	12,735,270	$0.97/£0.65
Granted during the year	–	–	9,542,214	0.33c/0.25p
Exercised during the year	(207,562)	0.34c/0.25p	(308,753)	0.33c/0.25p
Expired during the year	(2,269,836)	$1.38/£1.02	(2,683,432)	$0.75/£0.56
Outstanding options at the end of year	16,807,901	$0.87/£0.65	19,285,299	$0.48/£0.36
Exercisable at end of year	2,176,460	$2.78/£2.07	3,043,906	$2.60/£2.11

31 Share-based compensation continued

There were no share options granted in 2017. The weighted average exercise price of options granted in 2016 was $0.0033. The range of exercise prices for options outstanding at the end of the year was $0.0034 to $7.43 (2016: $0.0037 to $7.44) with a remaining exercise period in the range of one to nine years.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo simulation for the Long Term Incentive Plan and a binomial model for the DSP, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2017.

	Long Term Incentive Plan		2012 Deferred Share Plan	
	2017	2016	**2017**	2016
Dividend yield (%)	–	–	–	–
Exercise Price	n/a	0.33c/0.25p	n/a	0.33c/0.25p
Share Volatility (%)	n/a	49%	n/a	49%
Risk-free interest rate (%)	n/a	0.64%	n/a	0.64%
Expected life of option (years)	n/a	0-3	n/a	0-3
Weighted average share price	n/a	$0.91/£0.63	n/a	$1.24/£0.86

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.

(b) Share-based payments to Directors

During the year a total of nil (2016: 2,702,158) options to acquire ordinary shares were granted to Directors under the Ophir Energy Long-Term Incentive Plan.

During the year nil options (2016: nil) were granted to Directors under the Ophir Energy Company 2006 Share Option Plan.

32 Operating lease commitments

At 31 December 2017 the Group was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 2017 $'000	As at 2016 $'000
Due within one year	16,623	17,358
Due later than one year but within five years	66,820	66,305
Due later than five years	24,037	40,912
	107,480	124,575

33 Capital commitments – exploration

In acquiring its oil and gas interests, the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments in the following table are an estimate of the net cost to the Group of performing these work programmes:

	As at 2017 $'000	As at 2016 $'000
Due within one year	4,830	46,870
Due later than one year but within two years	26,940	31,805
Due later than two years but within five years	90	1,240
	31,860	79,915

34 Contingent liabilities

An individual has commenced claims against the Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within the portfolio. The individual's primary claim was dismissed in February 2018. The individual has filed an appeal against the decision but a loss at first instance supports the Group's view that the claims are without merit and accordingly the Group has estimated that no liability will arise as a result of proceedings and therefore no provision for any liability has been made in these financial statements.

35 Subsidiary undertakings, joint ventures, associates and material joint operations

Subsidiary undertakings

A complete list of Ophir Energy plc Group companies at 31 December 2017, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these consolidated financial statements on pages 153 to 156. All of these subsidiaries have been included in these consolidated financial statements on pages 97 to 135.

Material joint operations

The following joint operations are considered individually material to the Group as at 31 December 2017.

Asset	Principal place of business	Activity
Block R[1]	Equatorial Guinea	Exploration
Block 1[2]	Tanzania	Exploration
Block 4[3]	Tanzania	Exploration
Bangkanai (Kerendan)[4]	Indonesia	Exploration and production

1 This concession is operated by the Group and it has an 80% interest.
2 This concession is operated by Shell in which the Group has a 20% interest.
3 This concession is operated by Shell in which the Group has a 20% interest.
4 This concession is operated by the Group and it has a 70% interest.

Capital commitments relating to these projects are included in Note 33 of these consolidated financial statements. There are no contingent liabilities associated with these projects. Refer to Note 2.3(l) of these consolidated financial statements for the Group's accounting policy for jointly controlled assets and liabilities.

36 Related party disclosures

(a) Identity of related parties

The Group has related party relationships with its subsidiaries (refer to Note 7 of the Company financial statements), joint ventures (refer to Note 20, Note 18 and Note 35 of these consolidated financial statements) and its Directors.

Recharges from the Company to subsidiaries in the year were $3,062,812 (2016: $16,536.220). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of these consolidated financial statements.

37 Events after the reporting period

There have been no events after the reporting period that require disclosure in the Group accounts.

Company statement of financial position
As at 31 December 2017

	Notes	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	6	–	2,752
Investments in subsidiaries	7	1,260,298	1,159,571
Financial assets	8	2,079	1,887
		1,262,377	**1,164,210**
Current assets			
Inventory	9	–	6,215
Trade and other receivables	10	1,578	2,337
Cash and cash equivalents	11	127,934	265,514
		129,512	**274,066**
Total assets		**1,391,889**	**1,438,276**
Current liabilities			
Trade and other payables	12	(54)	(2,733)
Taxation payable		(25)	(25)
		(79)	(2,758)
		–	–
Total liabilities		**(79)**	**(2,758)**
Net assets		**1,391,810**	**1,435,518**
Capital and reserves			
Called up share capital	14	3,061	3,061
Treasury shares	15	(152)	(153)
Other reserves	16	1,388,901	1,432,610
Total equity		**1,391,810**	**1,435,518**

The Company's loss for the year was $47,618,000 (2016: $250,377,000)

The notes on pages 139 to 152 form part of these Company financial statements.

The Company financial statements of Ophir Energy plc (registered number 05047425) on pages 136 to 152 were approved by the Board of Directors on 6th March 2018.

On behalf of the Board:

Nick Cooper
Chief Executive Officer

Tony Rouse
Chief Financial Officer

Company statement of changes in equity
For the year ended 31 December 2017

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Total equity $'000
As at 1 January 2016	**3,061**	**(155)**	**1,680,001**	**1,682,907**
Loss for the period, net of tax	–	–	(250,377)	(250,377)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(250,377)	(250,377)
Exercise of options	–	2	–	2
Share-based payment	–	–	2,986	2,986
As at 31 December 2016	**3,061**	**(153)**	**1,432,610**	**1,435,518**
Loss for the period, net of tax	–	–	(47,618)	(47,618)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(47,618)	(47,618)
Exercise of options	–	1	–	1
Share-based payment	–	–	3,909	3,909
As at 31 December 2017	**3,061**	**(152)**	**1,388,901**	**1,391,810**

1 Refer to Note 16 of these Company financial statements.

The notes on pages 139 to 152 form part of these Company financial statements.

Company statement of cash flows
For the year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Operating activities			
Loss before taxation		(47,618)	(250,376)
Adjustments to reconcile loss before tax to net cash flows:			
Interest income		(1,923)	(1,862)
Foreign exchange losses/(gains)		(940)	1,088
Depreciation of property, plant and equipment	6	–	2,093
Share-based payment expense		(215)	2,986
Allowance for impairment of investment in subsidiaries	7	44,910	492,364
Working capital adjustments			
(Decrease)/increase in trade and other payables		(5,132)	(1,581)
Decrease/(increase) in trade and other receivables		769	2,025
Cash flows used in operating activities		**(10,149)**	**246,737**
Interest income		1,923	1,862
Net cash flows used in operating activities		**(8,226)**	**248,599**
Investing activities			
Purchases of property, plant and equipment	6	–	(5,058)
Investment in subsidiaries		–	(425)
Decrease/(increase) in inventory		–	440
Loans to subsidiaries		(129,614)	(511,982)
Net cash flows (used in)/from investing activities		**(129,614)**	**(517,025)**
Financing activities			
Proceeds from of exercise of share options		1	2
Net cash flows (used in)/from financing activities		**1**	**2**
(Decrease)/increase in cash and cash equivalents for the year		**(137,839)**	**(268,424)**
Net effect of foreign exchange rates on cash and cash equivalents		259	308
Cash and cash equivalents at the beginning of the year		265,514	533,630
Cash and cash equivalents at the end of the year	11	**127,934**	**265,514**

The notes on pages 139 to 152 form part of these Company financial statements.

1 Corporate information

Ophir Energy plc (the Company) is a public limited company domiciled and incorporated in England and Wales. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The Company's business is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and Southeast Asia.

The Company's financial statements for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 6th March 2018 and the Statement of Financial Position was signed on the Board's behalf by Nick Cooper and Tony Rouse.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation and statement of compliance

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis except for revaluation of certain derivative instruments measured at fair value. The financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

The Company is the ultimate parent entity of the Group. The Company's financial statements are included in the Ophir Energy plc consolidated financial statements for the year ended 31 December 2017. As permitted by the section s408 of the Companies Act 2006 the Company has not presented its own income statement and statement of other comprehensive income and related notes.

Comparative figures for the period to 31 December 2016 are for the year ended on that date.

New and amended accounting standards and interpretations

The Company has adopted relevant new and amended IFRS and IFRIC interpretations as of 1 January 2017. These are detailed in Note 2.1 of the Group financial statements.

2.2 Significant accounting policies

(a) Investment in subsidiaries

The Company holds monetary balances with its subsidiaries of which settlement is neither planned nor likely to occur in the foreseeable future. Such balances are considered to be part of the Company's net investment in its subsidiaries.

The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(b) Financial instruments

i. Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, but excludes any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid, (for example, cash set aside to cover rehabilitation obligations). For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

ii. Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Allowance is made when there is objective evidence that the Company will not be able to recover balances in full. Evidence on non-recoverability may include indications that the debtor or group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or default or delinquency in repayments. Balances are written off when the probability of recovery is assessed as being remote. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

iii. Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2 Basis of preparation and significant accounting policies continued

iv. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) Inventories

Inventories which comprise drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

(d) Property, plant and equipment

Cost

Property, plant and equipment, which comprises furniture and fittings and computer equipment, is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on property, plant and equipment calculated using the straight line method at rates to write off the cost, less estimated residual value based on prices prevailing at the statement of financial position date, of each asset over expected useful lives ranging from three to ten years.

(e) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

(f) Pensions and other post-retirement benefits

Up to 31 October 2016, the Company did not operate its own pension plan but made pension or superannuation contributions to private funds of its employees which are defined contribution plans. On 1 November 2016 the Group launched its own defined contribution scheme for its executive directors. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(g) Employee benefits

Salaries, wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(h) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company has leases where the Lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes or duty.

(k) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(l) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Company cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(m) Foreign currency translation

The functional currency of the Company is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

(n) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

2 Basis of preparation and significant accounting policies continued

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Company financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company has used estimates and assumptions in deriving certain figures within the financial statements. Such accounting estimates may not equate with the actual results which will only be known in time. The key areas of estimation are detailed in Note 2.4 of the Group financial statements.

3. Loss attributable to members of the parent company

The loss attributable to the members of the parent company for the year ended 31 December 2017 is $47.6 million (2016: $250.4 million).

4 Staff numbers and costs

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Salaries and wages including bonuses	3,016	20,051
Social security costs	398	2,581
Contributions to pension plans/superannuation funds	129	771
Compensation for loss of office	129	–
Share-based payment (credit)/expense	(215)	2,984
	3,457	26,387

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors:

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Aggregate compensation:		
Salaries and wages including bonuses	3,016	6,728
Social security costs	398	834
Contributions to pensions/superannuation funds	129	272
Compensation for loss of office	129	–
Share-based payment credit	(215)	(924)
	3,457	6,910

Key management emoluments above excludes aggregate gains made by Directors on the exercise of share options of Nil (2016: $206,680).

(c) Directors' emoluments

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Aggregate compensation:		
Salaries and wages	2,098	2,186
Bonuses	530	1,737
Social security costs	346	516
Contributions to pensions/superannuation funds	126	139
Other benefits	17	18
Compensation for loss of office	129	–
	3,246	4,596

Directors' emoluments above excludes aggregate gains made by Directors on the exercise of share options of Nil (2016: $206,680).

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Share-based payment credit	(503)	(2,628)
Number of Directors to whom superannuation or pension benefits accrued during the year	3	3

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
CEO	1	1
Exploration and technical	1	34
Commercial and support	2	51
	4	86

5 Share-based compensation

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determine the vesting terms, if any, subject to the proviso that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long Term Incentive Share Option Plan

On 26 May 2011, the Board resolved to establish the Ophir Energy Long Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan

On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP Awards as and when they are exercised. No shares have been acquired by the Trust.

Ophir Energy plc Net Asset Value (NAV) Scheme

On 10 May 2016 the Board resolved to establish the Ophir Energy Long-Term value creation plan 2016, effective 1 January 2016 to all Ophir employees participating in the plan. The plan only rewarding if the Group delivers long-term growth in NAV per share which is measured based on well-defined NAV events. When an event does take place, 12.5% of the increase in NAV above the prior Benchmark NAV will be used to create a reward pool. NAV events will generally be monetisation events such as farm-outs and asset sales, which have defined values, and the risked value of development assets once a Final Investment Decision (FID) is taken or first production takes place to ensure NAV events are tangible and demonstrably value creating. The impact of commodity prices is factored out of the scheme so that these events are neutral to ensure that the reward pool is not artificially inflated or deflated by the commodity cycle. Similarly, cash distributions, fundraising or capital changes are also factored out of the scheme. When a reward pool is created, it will be distributed with the following features to apply to Executive Directors:

- Individual rewards are capped;
- 75% of NAV scheme rewards are delivered as deferred shares that vest after three, four and five years with a requirement for the total number of after tax shares to be retained for a minimum of five years;
- 25% of rewards are delivered in cash; and
- recovery and withholding provisions apply to ensure that only true value creation is the basis of rewards.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2017 Number	**2017 WAEP**	2016 Number	2016 WAEP
Outstanding options at the beginning of the year	19,285,299	$0.48/£0.36	12,735,270	$0.97/£0.65
Granted during the year	–	–	9,542,214	0.33c/0.25p
Exercised during the year	(207,562)	0.34c/0.25p	(308,753)	0.33c/0.25p
Expired during the year	(2,269,836)	$1.38/£1.02	(2,683,432)	$0.75/£0.56
Outstanding options at the end of the year	16,807,901	$0.87/£0.65	19,285,299	$0.48/£0.36
Exercisable at end of year	2,176,460	$2.78/£2.07	3,043,906	$2.60/£2.11

There were no share options granted in 2017. The weighted average exercise price of options granted in 2016 was $0.0033. The range of exercise prices for options outstanding at the end of the year was $0.0034 to $7.43 (2016: $0.0037 to $7.44) with a remaining exercise period in the range of one to nine years.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo simulation for the Long Term Incentive Plan and a binomial model for the DSP, taking into account the terms and conditions upon which the options were granted. The table below lists the inputs to the model used for the year ended 31 December 2017.

	Long Term Incentive Plan		2013 Deferred Share Plan	
	2017	2016	**2017**	2016
Dividend yield (%)	–	–	–	–
Exercise Price	n/a	0.33c/0.25p	n/a	0.33c/0.25p
Share Volatility (%)	n/a	49%	n/a	49%
Risk-free interest rate (%)	n/a	0.64%	n/a	0.64%
Expected life of option (years)	n/a	0-3	n/a	0-3
Weighted average share price	n/a	$0.91/£0.63	n/a	$1.24/£0.86

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.

(c) Share-based payments to Directors

During the year a total of nil (2016: 2,702,158) nil cost options to acquire ordinary shares were granted to Directors under the Ophir Energy Long Term Incentive Plan.

During the year nil options were granted to Directors under the Ophir Energy Company 2006 Share Option Plan (2016: nil).

6 Property, plant and equipment

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	9,430	8,616
Additions	–	814
Disposals	(7,188)	–
Balance at the end of the year	2,242	9,430
Depreciation		
Balance at the beginning of the year	6,678	4,590
Disposals	(4,436)	–
Depreciation charge for the year	–	2,088
Balance at the end of the year	2,242	6,678
Net book value		
Balance at the beginning of the year	2,752	4,026
Balance at the end of the year	–	2,752

7 Investments in subsidiaries

The following table shows the movement in the investment in subsidiaries during the year

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Balance at the beginning of the year	**2,272,694**	**1,760,283**
Additions during the year		
Salamander Energy plc	31,989	121,195
Ophir Holdings & Services (UK) Limited	689,026	62,862
Ophir Asia Limited	9,153	17,574
Dominion Petroleum Limited	10,537	–
Ophir Asia Services Limited	180	591
Other	39,919	1,016,305
Repayments during the year		
Ophir Equatorial Guinea (Block R) Limited	(231,300)	–
Ophir Equatorial Guinea Holdings Limited	(397,533)	–
Ophir Holdings Limited	(130)	(653,392)
Dominion Petroleum Limited	–	(43,258)
Ophir Services Pty Limited	–	(4,148)
Other	(6,204)	(5,318)
Balance at the end of the year	2,418,331	2,272,694
Foreign exchange translation gains and losses	–	–
Allowance for impairment		
Balance at the beginning of the year	(1,113,123)	(620,759)
Additional allowance	(44,910)	(492,364)
Balance at the end of the year	(1,158,033)	(1,113,123)
Net book value		
At the beginning of the year	1,159,571	1,139,524
At the end of the year	1,260,298	1,159,571

Loans to subsidiaries are unsecured, interest free and form part of the Company's investments in subsidiaries. The loans are denominated in US Dollars and have no particular repayment terms. The Company has indicated that it does not intend to demand repayment in the foreseeable future. The allowance for impairment charge primarily relates to unrecoverable intra-group funding.

A complete list of Ophir Energy plc Group companies at 31 December 2017, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements on pages 153 to 156. All of these subsidiaries have been consolidated in the Group financial statements on pages 97 to 135.

8 Financial assets

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Non-current		
Security deposits – Rental properties	2,079	1,887
	2,079	1,887

9 Inventory

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Drilling consumables	–	6,215

The inventory valuation is stated net of a provision of nil (2016: $0.4 million) to write inventories down to their net realisable value.

10 Trade and other receivables

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Other debtors	609	711
Prepayments	969	1,626
	1,578	2,337

All debtors are current. There are no receivables that are past due or impaired.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

11 Cash and cash equivalents

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Cash	3,976	35,767
Cash equivalents	123,958	229,747
	127,934	265,514

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $127.9 million (2016: $265.5 million).

Cash and cash equivalents at 31 December 2017 includes $2.2 million (2016: Nil) of restricted bank guarantees.

12 Trade and other payables

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Trade creditors	54	590
Accruals	–	2,143
	54	2,733

Trade payables are unsecured and are usually paid within 30 days of recognition.

13 Financial instruments

The Company utilises the same financial risk and capital management as the Group. Refer to Note 25 of the Group financial statements for further details.

(a) Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2017					
Current financial assets					
Cash and cash equivalents	127,934	–	–	–	127,934
Trade and other receivables	–	–	–	–	–
	127,934	–	–	–	127,934
Non-current financial assets					
Security deposits	–	–	–	2,079	2,079
	–	–	–	2,079	2,079

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

13 Financial instruments continued

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2016					
Current financial assets					
Cash and cash equivalents	46,799	218,709	–	6	265,514
Trade and other receivables	–	–	–	23	23
	46,799	218,709	–	29	265,537
Non-current financial assets					
Security deposits	–	–	–	1,887	1,887
	–	–	–	1,887	1,887

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than twelve months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

Fair values

The maximum exposure to credit risk is the fair value of security deposits and receivables. Collateral is not held as security.

The carrying amounts of non-current receivables approximate their fair value.

(b) Interest rate risk

As of 31 December 2017, the Company has no external borrowings (2016: nil) so interest rate risk is limited to interest receivable on deposits and bank balances.

The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's cash assets held in short-term cash deposits.

The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate the risk of a fluctuating interest rate. The benchmark rate used for short-term deposits is US LIBOR.

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Financial assets		
Security deposits	2,079	1,887
Cash and cash equivalents	127,934	265,514
	130,013	267,401
Financial liabilities		
Loans from subsidiary undertakings	–	–
Net exposure	**130,013**	**267,401**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's loss before tax (through the impact on floating rate deposits and cash equivalent).

Increase/decrease in interest rate	**Effect on loss 31 Dec 2017 $'000**	Effect on loss 31 Dec 2016 $'000
+0.5%	640	1,328
-0.5%	(640)	(1,328)

The sensitivity in 2017 was maintained at 0.5% as interest rate volatilities remained similar to those in the prior period.

(c) Foreign currency risk

The Company adopts the same policies to manage foreign currency risk as the Group. Refer to Note 25 of the Group financial statements for further details.

As at 31 December 2017, the Company's predominant exposure to foreign exchange rates related to cash and cash equivalents held in Pounds Sterling.

At the statement of financial position date, the Company had the following exposure to GBP, THB, MYR and EUR foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Financial assets		
Cash and cash equivalents		
EUR	–	1
GBP	1,397	7,049
	1,397	7,050
Security deposits		
GBP	2,079	1,887
	3,476	8,937
Financial liabilities		
Trade and other payables		
AUD	–	–
THB	–	–
MYR	–	–
EUR	–	(12)
GBP	(21)	(2,051)
	(21)	(2,063)
Net exposure	3,455	6,874

The table below demonstrates the sensitivity to reasonable possible changes in currencies against the US Dollar exchange rates with all other variables held constant, of the Company's loss before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax higher/(lower)		**Equity higher/(lower)**	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
US Dollar to GBP Sterling +5% (2016: +5%)	173	344	173	344
US Dollar to GBP Sterling -5% (2016: -5%)	(173)	(344)	(173)	(344)

13 Financial instruments continued

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations.
- The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Company.

(d) Liquidity risk

The Company has a liquidity risk arising from its ability to fund its liabilities. This Company utilises the same policies to mitigate liquidity risk as the rest of the Group. Refer to Note 25 of the Group financial statements for further details.

All of the Company's trade creditors and other payables (Refer to Note 12 of these Company financial statements) are payable in less than six months.

The Company did not make use of derivative instruments during the year or during the prior year.

(e) Disclosure of fair values

The carrying value of security deposits and financial liabilities disclosed in the financial statements as at 31 December 2017 approximate their fair value.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Level 1	–	–
Level 2	–	–
Level 3	2,079	1,887
	2,079	1,887

There were no transfers between fair value levels during the year.

14 Called up share capital

	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407; (2016: 746,019,407)	3,061	3,061
In issue at the end of the year; 746,019,407; (2016: 746,019,407)	3,061	3,061

The balances classified as called up; allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

15 Treasury shares

Ordinary shares of 0.25p each held by the Group as treasury shares	Year ended 31 Dec 2017 $'000	Year ended 31 Dec 2016 $'000
Balance at the beginning of the year: 39,918,385 (2016: 40,227,138)	153	155
Disposed of on exercise of share options during the year: 207,562 (2016: 308,753)	(1)	(2)
Balance at the end of the year; 39,710,823 (2016: 39,918,385)	152	153

Treasury shares represents the cost of shares in the Company purchased in the market and held by the Company partly to satisfy options under the Group's employee incentive share option plans (refer to Note 5 of these Company financial statements). During 2017 Nil shares were purchased (2016: Nil).

16 Other reserves

	Share[1] premium $'000	Capital[2] redemption reserve $'000	Option[3] premium reserve $'000	Merger[4] reserve $'000	Equity[5] component on convertible bond $'000	Foreign currency translation reserve $'000	Accum-ulated profits/ (losses) $'000	Total other reserves $'000
At 1 January 2016	807,427	160	54,808	667,337	669	11,839	137,761	1,680,001
Profit for the period, net of tax	–	–	–	–	–	–	(250,377)	(250,377)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income, net of tax	–	–	–	–	–	–	(250,377)	(250,377)
Share-based payment	–	–	2,986	–	–	–	–	2,986
As at 1 January 2017	807,427	160	57,794	667,337	669	11,839	(112,616)	1,432,610
Profit for the period, net of tax	–	–	–	–	–	–	(47,618)	(47,618)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income, net of tax	–	–	–	–	–	–	(47,618)	(47,618)
Share-based payment	–	–	3,909	–	–	–	–	3,909
Transfers within reserves	–	–	–	(341,792)	–	(11,839)	353,631	–
As at 31 December 2017	807,427	160	61,703	325,545	669	–	193,397	1,388,901

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.
2 The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.
3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.
4 In 2017, the premium arising on the 2012 Dominion Petroleum acquisition, which was classified within the merger reserves according to the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613), was realised to accumulated profits/(losses)as a result of the full impairment of the Dominion Group in previous years.
5 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.

17 Operating lease commitments

At 31 December 2017 the Company was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 31 Dec 2017 $'000	As at 31 Dec 2016 $'000
Due within one year	1,180	1,083
Due later than one year but within five years	4,724	4,335
Due later than five years	1,141	2,130
	7,045	7,548

18 Related party transactions

(a) Identity of related parties

The Company has related party relationships with its subsidiaries and its Directors (refer to Note 4 of these Company financial statements). A complete list of Ophir Energy plc Group companies at 31 December 2017, and the Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of the Group financial statements.

19 Contingent Liabilities

An individual has commenced action against the Group relating to an evaluation of an interest that was held in exploration blocks within the portfolio. Interim hearings in relation to costs of the claim were held on 12 February and 23 February 2015. A trial date has not been set and therefore it is not practicable to state the timing of any payment. The Group has taken the view that the action is without merit and accordingly has estimated that no liability will arise as a result of proceedings and no provision for any liability has been made in these financial statements.

20 Events after reporting period

There are no events after the reporting period that require disclosure by the Company.

Independent Auditor's report to the members of Ophir Energy plc

Our opinion on the financial statements
In our opinion:

- Ophir Energy plc's Group financial statements and Parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union;
- the Parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited
Ophir Energy plc's financial statements comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2016	Statement of financial position as at 31 December 2016
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 20 to the financial statements
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 38 including Appendix A to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

Risks of material misstatement	• Impairment of exploration and evaluation ('E&E') assets and tangible (oil and gas) assets. • Estimate of oil and gas reserves.
Audit scope	• We selected 17 out of a total of 92 components within the Group for our audit. We performed an audit of the complete financial information of five components across London and Thailand and audit procedures on specific balances for a further 12 components across London and Indonesia. • The components where we performed full or specific audit procedures accounted for 100% of revenue, 95% of total Group equity and 94% of total Group assets.
Materiality	• Overall Group materiality of $32 million (2015: $37 million) represents 2% of total equity. We agreed with the Audit Committee that we would report to the Audit Committee all unadjusted audit differences in excess of $1.6 million (2015: $1.9 million).

Our assessment of risk of material misstatement
We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of exploration and evaluation ('E&E') assets and tangible (oil and gas) assets – while the front end of the forward oil price curve has increased since year-end 2015, which could be a trigger for an impairment reversal, there are other judgemental areas which could lead to triggers for an impairment including changes to reserves, production profiles, cost forecasts, exploration and drilling commitments. Refer to Note 13 – Exploration and Evaluation and Note 14 – Oil and Gas Properties in the notes to the financial statements for the $310.2 million and $699.0 million of carrying values, respectively, held in the balance sheet by the Group as at 31 December 2016.	We challenged the impairment analysis and assumptions prepared and used by management through a combination of audit testing and bench-marking to external data sources and other companies in the sector. In addition, we performed journal entry testing to confirm that management had not overriden the outcome of the impairment tests which we have audited. **For E&E assets:** • We verified that Ophir had the right to explore in the relevant exploration licence by obtaining and reviewing supporting documentation such as licence agreements and or correspondence with relevant government agencies. • We confirmed that management had the intention to carry out exploration and evaluation activity in the relevant exploration area by performing procedures which included the review of management's cashflow forecast models, discussions with senior management and discussions with executive management. • We considered whether recent exploration activity in a given exploration licence provides impairment indicators as to the recoverability of other intangible costs. • We considered whether Ophir has the ability to finance planned future exploration and evaluation activity. • We have also assessed the competency of management's experts, and (where applicable), the competency and objectivity of third-party experts engaged for the purposes of assessing the reserves and resources associated with those exploration and evaluation assets. • We considered the commercial viability of the exploration block based on the results of exploration and evaluation activities carried out in the relevant licence area. **For Tangible (oil and gas) assets:** • We inquired of both operational and finance personnel regarding assets' performance, specifically with regard to production and reserves data, and future plans to assess whether there were any other performance-related indicators of impairment. • For assets where an impairment indicator was identified, we obtained the relevant models supporting the recoverable amounts for the asset from management and compared these to the carrying value of the asset as of the balance sheet date to identify if there were any impairments or reversal of impairments. • In assessing the appropriateness of management's assumptions and inputs included in the models we worked with our valuation specialists to assist us in performing industry benchmarking and analysis over oil and gas prices (short, medium and long term), discount rates, foreign exchange rates and inflation rates. In respect of oil and gas reserve estimates including production profiles, we made inquiries of Ophir's third-party reserve engineers, assessing both their competence and objectivity in respect of their reserves reporting.	On the basis of our audit procedures, we agree with management's conclusions on the E&E assets where future expenditure is not budgeted or planned, therefore the assets have been fully written off. In addition, we have concluded that the assumptions used by management in estimating the recoverable amount of the E&E assets fall within a reasonable range. We are satisfied the EG asset has been correctly reclassified as an asset held for sale. With respect to the tangible (oil and gas) assets, in view of our audit procedures, which included sensitivity analysis, we concluded that the oil and gas prices, discount rates, production volumes and the other assumptions used by management were within an acceptable range in light of the current market conditions; we did not identify any material issues with the valuation of assets. We therefore concluded that the impairment charges and reversals and the disclosures in respect of the E&E and tangible (oil and gas) assets included in the consolidated financial statements for the year ended 31 December 2016 were appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Estimate of oil and gas reserves – significant judgements and assumptions are applied in determining the reserves and there is a risk that these be manipulated to achieve desired results. These estimates have a material impact on the financial statements, particularly: impairment testing; depreciation, depletion and amortisation (DD&A); decommissioning provisions; and assessment of going concern.	Our audit procedures have focused on management's estimation process, including whether bias exists in the determination of reserves. We carried out procedures to walkthrough and understand Ophir's internal process and key controls associated with the oil and gas reserves estimation process. We assessed the competence of both internal and external specialists and objectivity of external specialists. We also analysed the report of the external specialists on their audit of the reserves for the tangible (oil and gas) assets in Thailand and Indonesia as at 31 December 2016. We have checked the consistency of the application of estimated reserves across the significant areas of the audit such as impairment testing; DD&A; decommissioning provisions; and assessment of going concern.	Based on our procedures we consider that the reserves estimations are a reasonable basis for estimating reserves for impairment testing, calculating DD&A, determination of decommissioning provisions and assessment of going concern, amongst others.

In the prior year, our auditor's report included a risk of material misstatement in relation to impairment of equity accounted investment ('APICO'), special remuneratory benefit ('SRB') tax and acquisitions/business combinations. In the current year, we have considered these potential risks and concluded that:

- Given the knowledge obtained from the prior year audit, we consider that there is a reduced risk of a material misstatement from impairment testing of the underlying oil and gas and E&E assets of APICO. However, this remained an area of audit focus and we performed audit procedures on management's impairment test on the carrying value of APICO consistent with those performed on the tangible (oil and gas) assets noted above, concurring with management that no impairment charge was considered necessary. This valuation remains sensitive to the assumption that a unitisation of APICO's producing asset with an adjacent gas field will occur in the future.
- Through our understanding of the SRB tax gained from our 2015 audit, as well as the fall in oil prices, we have assessed there is a reduced risk of material misstatement.
- The risk related to business combinations is not applicable as there have been no transactions during the year.

The scope of our audit
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

Tailoring the scope
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the total 92 components of the Group, we selected 17 (18%) components across London, Thailand and Indonesia.

Of the 92 components selected for our audit, we designated a component as either full scope, specific scope or review scope.

Full scope components were selected on the basis of their size and or risk characteristics and as such we performed an audit of the complete financial information.

Specific scope components were selected on the size of their accounts and or risk profile and as such we performed audit procedures on specific accounts within that entity that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements either because of the size of these accounts or their risk profile.

A summary of the location and split of the designated scope of those reporting components in our scope has been summarised in the table below:

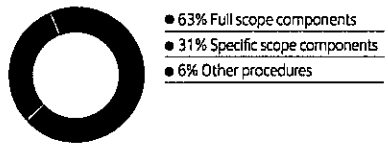
	UK	Thailand	Indonesia	Total
Full	3	2	–	5
Specific	5	1	6	12
Review Scope	51	6	18	75
Total	59	9	24	92

For the current year, the full scope components contributed 77% (2015: 91%) of the Group's total equity, 99% (2015: 100%) of the Group's revenue and 63% (2015: 94%) of the Group's total assets. The specific scope components contributed a further 18% (2015: 8%) of the Group's total equity, 1% (2015: nil) of the Group's revenue and 31% coverage (2015: 5%) of the Group's total assets, bringing the total coverage of the Group's equity to 95% (2015: 99%), 100% (2015: 100%) of the Group's Revenue and 94% of the Group's total assets (2015: 99%). The audit scope of these specific scope components may not have included testing of all financial statement accounts of that component but will have contributed to the coverage of overall financial statements accounts tested for the Group as a whole.

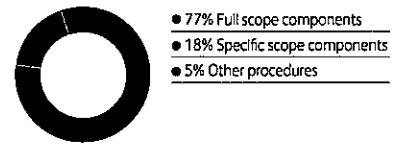
Of the remaining 75 components (referred to as review scope above) within the Group, these together represent 5% of the Group's equity and 5% Group's total assets and none are individually greater than 1% of the Group's total equity and Group's total assets. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year
In view of our greater understanding of the expanded Group following the 2015 acquisition of Salamander Energy plc, we have reassessed our scope and focused our procedures on areas that present a higher risk of material misstatement. Thus, we have altered our split of entities covered by full, specific and review scope for 2016. We believe that the 2016 audit scopes we set for each reporting unit, when taken together, enable us to form an opinion on the Group consolidated financial statements.

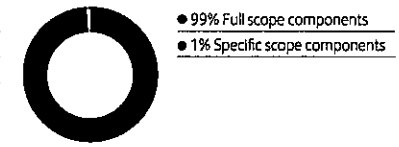
Total assets 2016



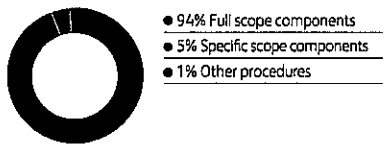
Total equity 2016



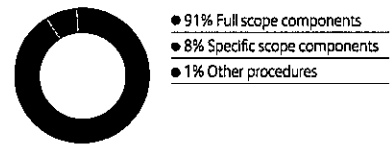
Total revenue 2016



Total assets 2015



Total equity 2015



Total revenue 2015

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken in Thailand and Indonesia and by us, as the primary audit engagement team located in London. For full scope and specific scope component work performed by our teams in Thailand and Indonesia respectively, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, the senior statutory auditor visited both Indonesia and Thailand. Two additional visits to Indonesia and Thailand were undertaken by other members of the audit team. These visits involved meeting with local management (including heads of country and personnel outside of the finance function) and component teams for planning purposes which included obtaining an understanding of the businesses and their operations including current year performance to enable risk identification, discussions around audit timetables, and the scope for the audit. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We have used total equity of the Group as the basis for our materiality calculation as we concluded that total equity is the most closely monitored financial measure for the stakeholders of Ophir Energy plc. Typically we would expect to focus on an income statement based measure such as profit before tax when calculating materiality. The Salamander Energy plc acquisition in 2015 bought with it income generating/producing assets, however the Group's stated strategy is that the cash-generated by the assets will primarily be used to fund future exploration. Therefore, we concluded that income statement-based measures are less relevant where stakeholder value is primarily generated through discovering commercial hydrocarbons. Hence we have concluded that total equity provides the most appropriate financial measure that is responsive to the main value driver for the shareholders of Ophir Energy plc. This is also consistent with the prior year audit.

Having identified a relevant basis for materiality, we calculated the planning materiality for the Group to be $32 million (2015: $37 million), which represents 2% (2015: 2%) of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that performance materiality is 50% (2015: 50%) of our planning materiality, specifically $16 million (2015: $18.5 million). Our objective in adopting this approach is to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $4.0 million to $13.6 million.

Reporting threshold
We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.6 million (2015: $1.9 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 78, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- based on the work undertaken in the course of the audit:
  - the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the Annual Report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report. We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the Directors' statement in relation to going concern, set out on page 56, and longer-term viability, set out on page 57; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and • the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Paul Wallek *(Senior Statutory Auditor)*

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 March 2017

Notes:
1 The maintenance and integrity of the Ophir Energy plc website is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement and statement of other comprehensive income
For the year ended 31 December 2016

Consolidated income statement	Notes	2016 $'000	2015 $'000
Continuing operations			
Revenue	5	107,178	161,090
Cost of sales	6a	(95,443)	(128,816)
Gross profit		**11,735**	**32,274**
Gain on farm-out	6b	–	245
Share of profit of investments accounted for using the equity method	27	4,417	7,219
Impairment reversal/(expense) of oil and gas properties	14	84,100	(126,732)
Impairment of investments accounted for using the equity method		–	(42,117)
Exploration expenses	6c	(135,252)	(183,137)
Other operating income/(expenses)	6d	19,945	(25,258)
General and administration expenses	6e	(13,428)	(31,252)
Operating loss		**(28,483)**	**(368,758)**
Net finance expense	7	(21,595)	(10,662)
Other financial gains	8	–	3,372
Loss from continuing operations before taxation		**(50,078)**	**(376,048)**
Taxation (expense)/benefit	11	(27,368)	53,596
Loss from continuing operations for the year		**(77,446)**	**(322,452)**
Attributable to:			
Equity holders of the Company		(77,446)	(322,452)
		(77,446)	**(322,452)**
Earnings per ordinary share			
Basic – (Loss)/profit for the period attributable to equity holders of the Company	12	(11.0) cents	(47.1) cents
Diluted – (Loss)/profit for the period attributable to equity holders of the Company	12	(11.0) cents	(47.1) cents
Consolidated statement of other comprehensive income			
Loss from continuing operations for the year		**(77,446)**	**(322,452)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be classified to profit or loss in subsequent periods:			
Exchange differences on retranslation of foreign operations net of tax		31	(702)
Other comprehensive (loss)/ income for the year, net of tax		**31**	**(702)**
Total comprehensive loss for the year, net of tax:		**(77,415)**	**(323,154)**
Attributable to:			
Equity holders of the Company		(77,415)	(323,154)
		(77,415)	**(323,154)**

The notes on pages 91 to 125 and pages 143 to 146 form part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2016

	Notes	2016 $'000	2015 $'000
Non-current assets			
Exploration and evaluation assets	13	310,229	879,914
Oil and gas properties	14	699,000	662,177
Other property, plant and equipment	15	3,706	5,140
Investments accounted for using the equity method	27	130,736	130,200
Financial assets	16	21,103	27,253
		1,164,774	**1,704,684**
Current assets			
Assets classified as held for sale	3	588,770	–
Inventory	17	46,738	50,216
Taxation receivable		15,178	22,322
Trade and other receivables	18	32,319	32,071
Cash and cash equivalents	19	360,424	614,569
		1,043,429	**719,178**
Total assets		**2,208,203**	**2,423,862**
Current liabilities			
Trade and other payables	20	(93,398)	(115,971)
Interest-bearing bank borrowings due within one year	21	(9,741)	(37,059)
Taxation payable		(13,226)	(38,056)
Provisions	24	(15,833)	(47,737)
		(132,198)	**(238,823)**
Non-current liabilities			
Other Payables	20	(10,285)	–
Interest-bearing bank borrowings	21	(83,915)	(115,949)
Bonds payable	22	(106,651)	(106,651)
Provisions	24	(50,550)	(67,190)
Deferred tax liability	11	(249,527)	(245,745)
		(500,928)	**(535,535)**
Total liabilities		**(633,126)**	**(774,358)**
Net assets		**1,575,077**	**1,649,504**
Capital and reserves			
Called up share capital	26	3,061	3,061
Reserves	29	1,572,296	1,646,723
Equity attributable to equity shareholders of the Company		**1,575,357**	**1,649,784**
Non-controlling interest		(280)	(280)
Total equity		**1,575,077**	**1,649,504**

The notes on pages 91 to 125 and pages 143 to 146 form part of these consolidated financial statements.

The consolidated financial statements of Ophir Energy plc (registered number 05047425) on pages 87 to 125 and pages 143 to 146 were approved by the Board of Directors on 8 March 2017.

On behalf of the Board:

Nick Cooper
Chief Executive Officer

Tony Rouse
Chief Financial Officer

Consolidated statement of changes in equity
For the year ended 31 December 2016

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Non-controlling interest $'000	Total equity $'000
As at 1 January 2015	**2,474**	**(59)**	**1,695,904**	**(280)**	**1,698,039**
Loss for the period, net of tax	–	–	(322,452)	–	(322,452)
Other comprehensive loss, net of tax	–	–	(702)	–	(702)
Total comprehensive loss, net of tax	–	–	(323,154)	–	(323,154)
New ordinary shares issued to third parties	587	–	325,545	–	326,132
Purchase of own shares	–	(99)	(56,011)	–	(56,110)
Exercise of options	–	3	–	–	3
Share-based payment	–	–	4,594	–	4,594
As at 31 December 2015	**3,061**	**(155)**	**1,646,878**	**(280)**	**1,649,504**
Loss for the period, net of tax	–	–	(77,446)	–	(77,446)
Other comprehensive income, net of tax	–	–	31	–	31
Total comprehensive loss, net of tax	–	–	(77,415)	–	(77,415)
Exercise of options	–	2	–	–	2
Share-based payment	–	–	2,986	–	2,986
As at 31 December 2016	**3,061**	**(153)**	**1,572,449**	**(280)**	**1,575,077**

1 Refer to Note 30 of these consolidated financial statements.

The notes on pages 91 to 125 and pages 143 to 146 form part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Operating activities			
Loss before taxation		(50,078)	(376,048)
Adjustments to reconcile loss before taxation to net cash provided by operating activities			
Exploration expenses	6c	135,252	183,137
Depreciation and amortisation	6	55,238	85,127
Impairment (reversal)/charge on oil and gas properties		(84,100)	169,307
Share of profits from joint ventures		(4,417)	(7,219)
Net finance expenses and other financial gains	7	8,172	30,394
Net foreign currency loss/(gain)	7	13,424	(6,014)
Share based payment expense	6e	2,986	4,594
(Decrease)/increase in provisions		(19,322)	20,687
Cash flow from operations before working capital adjustments		**57,155**	**103,965**
Increase in inventories		(9,584)	(7,172)
Decrease in other current and non-current payables		(2,212)	(52)
Decrease in other current and non-current assets		5,502	25,343
Cash generated from operations		**50,861**	**122,084**
Interest received		1,959	2,051
Income taxes paid		(41,360)	(83,042)
Net cash flows generated from operating activities		**11,460**	**41,093**
Investing activities			
Proceeds from farm-out		–	2,100
Purchase of exploration licences, net of cash acquired		–	(18,965)
Additions to Exploration and Evaluation assets		(175,453)	(311,120)
Additions to property, plant and equipment		(18,585)	(44,788)
Dividends received from joint ventures		5,164	5,843
Funding provided to joint ventures		(1,283)	(3,941)
Decrease in other financial assets		–	331,484
Net cash flows used in investing activities		**(190,157)**	**(39,387)**
Financing activities			
Interest paid		(16,275)	(22,521)
Repayment of debt		(59,352)	(240,521)
Net issue/(repurchase) of shares		2	(56,106)
Cash acquired on acquisition of subsidiary		–	48,827
Net cash outflows from financing activities		**(75,625)**	**(270,321)**
Effect of exchange rates on cash and cash equivalents		177	5,312
Decrease in cash and cash equivalents		(254,145)	(263,303)
Cash and cash equivalents at the beginning of the year	19	614,569	877,872
Cash and cash equivalents at the end of the year	19	**360,424**	**614,569**

The notes on pages 91 to 125 and pages 143 to 146 form part of these consolidated financial statements.

1 Corporate information

Ophir Energy plc (the 'Company' and ultimate parent of the Group) is a public limited company domiciled and incorporated in England and Wales with company number 05047425. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The principal activity of the Group is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and Southeast Asia.

The Group's consolidated financial statements for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 8 March 2017 and the consolidated statement of financial position was signed on the Board's behalf by Nick Cooper and Tony Rouse.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of certain derivative instruments measured at fair value. The consolidated financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

Comparative figures for the period to 31 December 2015 are for the year ended on that date.

New and amended accounting standards and interpretations

The Group has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 January 2016:

- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities – Applying the Consolidation Exception'.
- Amendments to IAS 1 'Disclosure Initiative'.
- Annual Improvements to IFRS's 2012–2014 Cycle.
- Amendments to IAS 27: 'Equity Method in Separate Financial Statements'.
- Amendments to IAS 16 and IAS 38: 'Clarification of Acceptable Methods of Depreciation and Amortisation'.
- IFRS 11 Amendment: Accounting for acquisitions of interests in Joint Ventures.

These new and amended standards and interpretations have not materially affected amounts reported or disclosed in the Group's consolidated financial statements for the year ended 31 December 2016.

Standards and interpretations issued but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but are not effective for the financial year beginning 1 January 2016 and have not been early adopted by the Group:

	Effective date for periods beginning on or after
IFRS 16 'Leases'[1]	1 January 2019
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 15 'Revenue from Contracts'	1 January 2018
IFRIC 22 'Foreign currency transactions and advanced consideration'[1]	1 January 2018
Clarifications to IFRS 15: 'Revenue from contracts with customers'[1]	1 January 2018
Amendment to IFRS 2: 'Classification and measurement of share based payment transactions'[1]	1 January 2018
Amendment to IAS 7: 'Disclosure Initiative'[1]	1 January 2017
Annual improvements to IFRS 2014-2016 cycle[1]	1 January 2017
Amendment to IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses'[1]	1 January 2017

1 These standards, amendments and improvements have not yet been endorsed by the European Union.

For new standards with an effective date of 1 January 2018, the Group has performed a preliminary assessment of the impact of these standards as outlined below.

2 Basis of preparation and significant accounting policies continued

IFRS 9 'Financial Instruments'

The IASB issued the final version of IFRS 9 in July 2014, which reflects all phases of the financial instruments project. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial instruments and hedge accounting, and will be adopted by the Group when it becomes mandatory in the European Union. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on its equity due to the short-term nature and high quality of the financial assets.

(c) Hedge accounting

The Group does not apply hedge accounting and therefore there will be no impact as a result of applying IFRS 9.

IFRS 15 'Revenue from Contracts'

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

The Group generates revenue through the sale of oil and petroleum products. Contracts with customers in which the sale of oil and petroleum products is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the products.

In preparing to adopt IFRS 15, the Group is considering the following:

(a) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2017 the Group plans to develop and start testing appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

2.2 Basis of consolidation

These financial statements comprise a consolidation of the accounts of the Company and its subsidiary undertakings and incorporates the results of its joint ventures and associates using the equity method of accounting, drawn up to 31 December each year.

(a) Subsidiaries

Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e. existing voting rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit and loss; and (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

(b) Non-controlling interests
Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within the consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.3 Summary of significant accounting policies
(a) Commercial reserves
Commercial reserves are proved and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. Proved and probable reserve estimates are based on a number of underlying assumptions including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less. However, the amount of reserves that will be ultimately recovered from any field cannot be known with certainty until the end of the field's life.

(b) Intangible exploration and evaluation expenditure
Exploration and evaluation (E&E) expenditure relates to costs incurred on the exploration for and evaluation of potential mineral reserves and resources. The Group applies the successful efforts method of accounting for E&E costs as permitted by IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs (such as geological, geochemical and geophysical costs, exploratory drilling and other direct costs associated with finding mineral resources) are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Costs (other than payments for the acquisition of rights to explore) incurred prior to acquiring legal rights to explore an area and general exploration costs not specific to any particular licence or prospect are charged directly to the consolidated income statement and statement of other comprehensive income.

E&E assets are not amortised prior to the determination of the results of exploration activity.

Treatment of E&E assets at conclusion of appraisal activities
Intangible E&E assets related to each exploration licence/block are carried forward, until the existence (or otherwise) of commercial reserves has been determined, subject to certain limitations including review for indicators of impairment. If, at completion of evaluation activities, technical and commercial feasibility is demonstrated, then, following recognition of commercial reserves, the carrying value of the relevant E&E asset is then reclassified as a development and production asset (subject to an impairment assessment before reclassification).

If, on completion of evaluation activities, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue E&E activity, then the costs of such unsuccessful E&E are written off to the consolidated income statement and statement of other comprehensive income in the period of that determination.

Impairment
E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The cash generating unit (CGU) applied for impairment test purposes is generally the block, except that a number of block interests may be grouped as a single cash generating unit where the cash flows of each block are interdependent.

Where an indicator of impairment exists, management will assess the recoverability of the carrying value of the asset or CGU. This review includes a status report confirming that E&E drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable. This assessment is based on a range of technical and commercial considerations and confirming that sufficient progress is being made to establish development plans and timing. If no future activity is planned, or the value of the asset cannot be recovered via successful development or sale, the balance of the E&E costs are written off in the consolidated income statement and statement of other comprehensive income.

2 Basis of preparation and significant accounting policies continued

Farm-in/farm-out arrangements

The Group may enter into farm-in or farm-out arrangements, where it may introduce partners to share in the development of an asset. For transactions involving assets at the exploration and evaluation phase, the Group adopts an accounting policy as permitted by IFRS 6 such that the Group does not record any expenditure made on its behalf under a 'carried interest' by a farm-in partner (the 'farmee').

Where applicable past costs are reimbursed, any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal. Farmed-out oil and gas properties are accounted for in accordance with IAS 16 'Property, Plant and Equipment'.

(c) Business combinations

On an acquisition that qualifies as a business combination in accordance with IFRS 3 – 'Business Combinations', the assets and liabilities of a subsidiary are measured at their fair value as at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill which is treated as an intangible asset. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated statement of other comprehensive income in the period of acquisition.

A business combination is a transaction in which an acquirer obtains control of a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends or lower costs or other economic benefits directly to investors or other owners or participants. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Group acquires a business, it assesses the assets 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. Those oil and gas reserves that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

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 as at the acquisition date (being the date the acquirer gains control) in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity.

(d) Property, plant and equipment

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Oil and gas properties – cost

Development and production assets are generally accumulated on a block-by-block basis and represent the cost of developing the commercial reserves discovered and bringing them into production. The initial cost of a development and production asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Oil and gas properties – depreciation
Oil and gas properties are depreciated/amortised from the commencement of production, on a unit-of-production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the net carrying amount of capitalised costs plus the estimated future field development costs. The production and reserve estimates used in the calculation are on an entitlements basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Producing assets are generally grouped with other assets that are dedicated to serving the same reserves for depreciation purposes, but are depreciated separately from producing assets that serve other reserves.

Other fixed assets
Property, plant and equipment other than oil and gas properties, is depreciated at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and 10 years.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual block, which is the lowest level for which cash flows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's (or CGU's) recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is then determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset (or CGU) is considered impaired and written down to its recoverable amount. Impairment losses of continuing operations are recognised in the consolidated income statement and statement of other comprehensive income.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the consolidated statement of other comprehensive income, net of any depreciation that would have been charged since the impairment.

(e) Financial instruments
Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

i. Financial assets
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2 Basis of preparation and significant accounting policies continued

Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL where the Group acquires the financial asset principally for the purpose of selling in the near term, is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking as well as all derivatives that are not designated and effective as hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other financial gains' in the consolidated income statement and statement of other comprehensive income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. All impairment losses are taken to the consolidated income statement and statement of other comprehensive income.

Trade receivables are assessed for impairment based on the number of days outstanding on individual invoices. Any trade receivable that is deemed uncollectible is immediately written off to the consolidated income statement and statement of other comprehensive income, any subsequent recoveries are also taken directly to the consolidated income statement and statement of other comprehensive income upon receipt of cash collected.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

ii. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL where the financial liability is either held for trading or it is designated at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other financial gains' in the consolidated income statement and statement of other comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

iii. Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid – for example cash set aside to cover rehabilitation obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

iv. Short-term investments

Short-term investments in the statement of financial position comprise cash deposits that are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rate.

v. Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to movements in oil and gas prices, interest rates and foreign exchange. The Group does not use derivatives for speculative purposes.

Derivative financial instruments – at fair value
Gains or losses on derivatives are taken directly to the consolidated income statement and statement of other comprehensive income in the period. The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The estimated fair value of these derivatives is disclosed in trade and other receivables or trade and other payables in the consolidated statement of financial position and the related changes in the fair value are included in other financial gains in the consolidated income statement and statement of other comprehensive income.

(f) Inventories
Inventories of oil and gas, materials and drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

(g) Provisions
General
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Decommissioning liability
The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated income statement and statement of other comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement and statement of other comprehensive income as a finance cost. The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(h) Pensions and other post-retirement benefits
Up to 31 October 2016, the Company did not operate its own pension plan but made pension or superannuation contributions to private funds of its employees which are defined contribution plans. On 1 November 2016 the Group launched its own defined contribution scheme. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(i) Employee benefits
Salaries, wages, annual leave and sick leave
Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(j) Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2 Basis of preparation and significant accounting policies continued

(k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Group has leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the consolidated income statement and statement of other comprehensive income on a straight line basis over the lease term.

(l) Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

i. Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

ii. Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The consolidated income statement and statement of other comprehensive income reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the consolidated income statement and statement of other comprehensive income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'share of profit of investments accounted for using the equity method' in the consolidated income statement and statement of other comprehensive income.

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement and statement of other comprehensive income.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, sales taxes, excise duties and similar levies.

Revenue from the sale of oil and petroleum products is recognised on an entitlement basis when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts.

Gains and losses on derivative contracts and the revenue and costs associated with other contracts that are classified as held for trading purposes are reported on a net basis in the consolidated income statement and statement of other comprehensive income.

(n) Cost of sales

Underlift and overlift

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production is 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within receivables and payables respectively.

Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

(o) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in net finance costs in the consolidated income statement and statement of other comprehensive income.

(p) Finance costs and borrowings

Finance costs of borrowings are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Debt is shown on the consolidated statement of financial position net of arrangement fees and issue costs, and amortised through to the consolidated income statement and statement of other comprehensive income as finance costs over the term of the debt.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(q) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each consolidated statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous consolidated statement of financial position date is recognised in the consolidated income statement and statement of other comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

2 Basis of preparation and significant accounting policies continued

(r) Foreign currency translation

The Group's consolidated financial statements are presented in US Dollars, which is also the parent company's functional currency. The functional currency for each entity in the Group is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the consolidated income statement and statement of other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

The assets and liabilities of foreign operations whose functional currency is other than that of the presentation currency of the Group are translated into the presentation currency, at the rate of exchange ruling at the consolidated statement of financial position date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement and statement of other comprehensive income.

(s) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the consolidated statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated income statement and statement of other comprehensive income.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged and credited in the consolidated income statement and statement of other comprehensive income as the underlying temporary difference is reversed.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the consolidated income statement and statement of other comprehensive income.

In order to account for uncertain tax positions, management has formed an accounting policy, in accordance with IAS 8, whereby the ultimate outcome of legal proceedings is viewed as a single unit of account. The results of separate hearings in relation to the same matter, such as local tribunals and international arbitration, are not viewed separately and only the final outcome is assessed by management to determine the best estimate of any potential outcome. If management viewed the results of individual hearings separately an income statement charge could arise due to the differing recognition criteria of assets and liabilities.

(t) Royalties, resource rent tax and revenue-based taxes
In addition to corporate taxes, the Group's consolidated financial statements also include and recognise as taxes on income, other types of taxes on net income such as certain royalties, resource rent taxes and revenue-based taxes.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government tax authority and the amount payable is based on taxable income — rather than physical quantities produced or as a percentage of revenue — after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in cost of sales.

(u) Impairment
The accounting policies for the impairment of intangible exploration and evaluation assets and oil and gas properties are described in more detail in 2.3(b), 2.3(d) and 2.4.

The Group assesses at each reporting date whether there is an indication that an intangible asset or item of property, plant and equipment may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations (including impairment on inventories) are recognised in the consolidated income statement and statement of other comprehensive income in expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed, net of any depreciation that would have been charged since the impairment.

(v) Non-current assets held for sale
Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2.4 Significant accounting judgements, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

2 Basis of preparation and significant accounting policies continued

(a) Judgements

Exploration and evaluation expenditure – accounting judgements

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploration, development or asset sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Management is also required to assess impairment in respect of exploration and evaluation assets. Note 13 discloses the carrying value of such assets. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the asset. Where this is no longer the case, the costs are immediately expensed. The triggering events for impairment are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established.

Income taxes – judgement of income taxes

The computation of the Group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine provisions for income taxes. In addition, the Group has carry forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. Management judgement is exercised in assessing whether this is the case. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. For more information see Note 11. Judgement is also required when determining whether a particular tax is an income tax or another type of tax (for example a production tax).

Balance Sheet classification – non-current assets held for sale

IFRS 5 requires an entity to classify a single non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. To qualify as held for sale, the asset must be available for immediate sale in its present condition and its sale must be highly probable. Asset sales are often complex transactions and negotiations can be a lengthy. Management judgement is required to determine whether the above held for sale conditions have been met when planning to sell an asset.

(b) Estimates

Oil and gas properties – estimation of oil and gas reserves

The determination of the Group's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the Group's estimates of its oil and natural gas reserves. The Group employs independent reserves specialists who periodically report on the Group's level of commercial reserves by evaluating the estimates of the Group's in-house reserves specialists and where necessary referencing geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Group's assets. In addition, the Group undertakes its own assessment of commercial reserves, using standard evaluation techniques and related future capital expenditure by reference to the same datasets using its own internal expertise. The estimates adopted by the Group may differ from the independent reserves specialists' estimates where management considers that adjustments are appropriate in the circumstances. The last assessment by its independent reserves specialist was as at 1 January 2017.

Estimates of oil and natural gas reserves are used to calculate depreciation, depletion and amortisation charges for the Group's oil and gas properties. The impact of changes in reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an immediate write-down of the property's carrying value. The 2016 movements in contingent resources and proved and probable reserves are reflected in the tables on page 25. Information on the carrying amounts of the Group's oil and natural gas properties, together with the amounts recognised in the income statement as depreciation, depletion and amortisation is contained in Note 14 and Note 6a respectively.

Impairment of oil and gas properties – estimation of the recoverability of asset carrying values
Determination as to whether, and by how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas. For oil and natural gas properties, the expected future cash flows are estimated using management's best estimate of future oil and natural gas prices and production and reserves volumes. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

For value-in-use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is derived from the cost of funding the Group calculated using an established model. In 2016 the discount rate used to determine recoverable amounts based on value in use was 15% (2015: 15%). The discount rates applied in assessments of impairment are reassessed each year. Reserves assumptions for value-in-use tests are restricted to proved and probable reserves.

The recoverability of exploration and evaluation assets is covered under exploration and evaluation expenditure – accounting judgements above.

Details of impairment charges and reversals recognised in the income statement and details on the carrying amounts of assets are shown in Note 13 and Note 14.

Decommissioning – estimation of provisions
Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new technology or experience at other production sites. The expected timing, extent and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The estimated decommissioning costs are reviewed annually by management and the results of this review are then used for the purposes of the Group's consolidated financial statements.

Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

The timing and amount of future expenditures are reviewed annually, together with the interest rate used in discounting the cash flows. The interest rates used to determine the balance sheet obligations at the end of 2016 were real rates in the range 3.1% – 5.2% (2015: 4%)

Provisions and contingent liabilities are discussed in Note 24.

Special remuneratory benefit tax – estimation of tax rate
The Group is subject to a special remuneratory benefit tax in Thailand, the rate for which depends on the annual revenue per cumulative metre drilled. Accordingly the tax rate to be applied in calculating the Group's deferred special remuneratory benefit tax depends on management's forecast of future revenues and drilling activities.

3 Non-current assets held for sale

On 10 November 2016 Ophir and OneLNG, a joint venture between subsidiaries of Golar LNG Limited and Schlumberger, announced that they had signed a binding Shareholders' Agreement to establish a Joint Venture ("JV") to develop the Fortuna project, in Block R, offshore Equatorial Guinea utilising Golar's FLNG technology. OneLNG and Ophir will have 66.2% and 33.8% ownership of the JV respectively. The JV will facilitate the financing, construction, development and operation of the integrated Fortuna project and, from FID, will own Ophir's share of the Block R licence. Management has classified the Fortuna asset as held for sale as the asset is available for immediate sale in its present condition and the sale is highly probable. The appropriate levels of management have approved the plan, a buyer has been found and the sale is expected within 12 months of this classification.

Ophir's share of the Block R licence classified as held for sale at 31 December 2016 was:

	$'000 2016
Assets	
Exploration and evaluation assets	**588,770**
Assets classified as held for sale	**588,770**

There were no assets classified as held for sale in 2015.

4 Segmental analysis

The Group's reportable and geographical segments are Africa, Asia and Other. The other segment includes the corporate centres in the UK, Australia and Singapore.

Segment revenues and results

The following is an analysis of the Group's revenue and assets by reportable segment:

	Year ended 31 December 2016			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Revenue sales of crude oil and gas	–	107,178	–	107,178
Depreciation and amortisation	(12)	(53,197)	(2,093)	(55,302)
Impairment of exploration costs	(3,749)	(96,391)	–	(100,140)
Reversal of Impairment of oil and gas properties	–	84,100	–	84,100
Impairment of investments accounted for using the equity method	–	–	–	–
Share of profit of equity-accounted joint venture	–	4,417	–	4,417
Operating profit/(loss)	12,404	(5,864)	(35,023)	(28,483)
Finance income	–	97	1,862	1,959
Finance expense	(462)	(22,057)	(1,035)	(23,554)
Other financial gains	–	–	–	–
Profit/(loss) before tax	11,942	(27,824)	(34,196)	(50,078)
Taxation	(9,944)	(17,384)	(40)	(27,368)
Profit/(loss) after tax	1,998	(45,208)	(34,236)	(77,446)
	As at 31 December 2016			
Total assets and total liabilities				
Total assets	778,065	1,148,674	281,464	2,208,203
Total liabilities	(111,207)	(517,504)	(4,415)	(633,126)
Investments accounted for using the equity method	–	130,736	–	130,736
	Year ended 31 December 2016			
Additions to non-current assets	100,654	24,342	819	125,815

	Year ended 31 December 2015			
	Africa $'000	Asia $'000	Other $'000	Total $'000
Revenue sales of crude oil	–	161,090	–	161,090
Depreciation and amortisation	–	(80,943)	–	(80,943)
Impairment of exploration costs	(134,640)	(14,340)	–	(148,980)
Impairment of oil and gas properties	–	(126,732)	–	(126,732)
Impairment of investments accounted for using the equity method	–	(42,117)	–	(42,117)
Share of profit of equity-accounted joint venture	–	7,219	–	7,219
Operating (loss)/profit	(154,270)	(169,029)	(45,459)	(368,758)
Finance income	405	9,170	964	10,539
Finance expense	(383)	(18,641)	(2,177)	(21,201)
Other financial gains	–	3,372	–	3,372
Loss before tax	(154,248)	(175,128)	(46,672)	(376,048)
Taxation				53,596
Loss after tax				(322,452)
	As at 31 December 2015			
Total assets and total liabilities				
Total assets	705,430	1,164,134	554,298	2,423,862
Total liabilities	(138,529)	(628,340)	(7,489)	(774,358)
Investments accounted for using the equity method	–	130,200	–	130,200
	Year ended 31 December 2015			
Additions to non-current assets	37,016	137,666	–	174,682

Non-current operating assets
The non-current operating assets for the UK are $2.7m. (2015: $4.0 million). The non-UK, non-current operating assets are $1,010.2 million (2015: $1,507.6 million). Included in the non-UK, non-current operating assets is Thailand which makes up $421.3 million (2015: $455.7 million).

Revenue from major customers
All sales of crude oil are to a single customer PTT Public Company Limited (PTT). PTT is a Thai state-owned oil and gas company that is listed on the Stock Exchange of Thailand.

All sales of gas are to a single customer Perusahaan Listrik Negara (PLN). PLN is an Indonesian state owned electricity company.

5 Revenue

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Sales of crude oil	**105,731**	161,090
Sales of gas	**1,447**	–
	107,178	161,090

6 Operating (loss)/profit before taxation

The Group's operating (loss)/profit before taxation included the following items:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(a) Cost of sales:		
– Operating costs	43,188	31,797
– Royalty payable	9,135	14,548
– Depreciation and amortisation of oil and gas properties	52,703	80,943
– Movement in inventories of oil	(9,583)	1,528
	95,443	128,816
(b) Gain on farm-out:		
– Gain on farm-out	–	(245)
(c) Exploration expenses:		
– Pre-licence exploration costs	20,476	34,157
– Exploration expenditure written off (Note 13)	100,140	148,980
– Exploration inventory written off	14,636	–
	135,252	183,137
(d) Other operating expense:		
– Loss/(profit) on disposal of assets	–	703
– Depreciation of other property, plant & equipment	434	4,184
– Release of provision/Provision for exiting contract (Note 24)	(10,000)	20,000
– Release of litigation provisions	(10,516)	–
– Other	137	371
	(19,945)	25,258
(e) General & administration expenses include:		
– Operating lease payments	3,069	7,400
– Corporate transaction expense	–	8,000
– Share-based payment expense	2,986	4,594
	6,055	19,994

7 Net finance expense

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Interest income on short-term bank deposits	1,959	1,673
Interest expense on long term borrowings[1]	(7,564)	(17,099)
Unwinding of discount (Note 24)	(2,568)	(1,250)
Net foreign currency exchange losses	(13,422)	6,014
	(21,595)	(10,662)

1 Includes interest capitalised using a rate of 6.7% for 6 months (2015: 6.7% for 12 months).

8 Other financial gains

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Realisation settlement gains on hedging	–	17,091
Loss relating to oil derivatives	–	(14,001)
Gain on bond redemption (Note 22)	–	282
	–	3,372

9 Auditors' remuneration

The Group paid the following amounts to its Auditors in respect of the audit of the financial statements and for other services provided to the Group.

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(a) Paid/payable to Ernst & Young LLP		
Audit of the financial statements	638	726
Local statutory audits of subsidiaries	255	362
Total audit services	893	1,088
Audit related assurance services	29	334
Corporate finance services	–	794
	922	2,216
(b) Paid/payable to Auditor if not Ernst & Young LLP		
Local statutory audits of subsidiaries	–	254
	–	254
	922	2,470

10 Staff costs and Directors' emoluments

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Salaries and wages	37,207	51,095
Social security costs	5,539	5,109
Contributions to pension plans/superannuation funds	2,031	3,033
Share-based payment expense (Note 31)	2,984	4,594
	47,761	63,831

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Aggregate compensation:		
Salaries and wages	7,182	6,324
Social security costs	887	778
Contributions to pensions/superannuation funds	295	346
Share-based payment (credit)/expense (Note 31)	(924)	1,478
	7,440	8,926

Key management emoluments above exclude aggregate gains made by Directors on the exercise of share options of $206,680 (2015: Nil).

10 Staff costs and Directors' emoluments continued

(c) Directors' emoluments

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(i) Aggregate compensation:		
Salaries and wages	2,343	2,223
Bonuses	1,737	781
Social security costs	537	392
Contributions to pensions/superannuation funds	139	151
Other benefits	18	18
	4,774	3,565

Directors' emoluments above exclude aggregate gains made by Directors on the exercise of share options of $389,964 (2015 Nil).

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(ii) Share-based payment (credit)/expense (Note 31)	(2,628)	449
Number of Directors to whom superannuation or pension benefits accrued during the year	3	2

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
CEO	1	1
Exploration and technical	131	144
Commercial and support	177	188
	309	333

11 Taxation

(a) Taxation (credit)/charge

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Foreign tax:		
Special remuneratory benefit	1,861	19,610
Other foreign tax	8,952	4,719
Special remuneratory benefit – adjustments in respect of prior periods	1,180	–
Other foreign tax – adjustments in respect of prior periods	11,681	297
Total current income tax charge	23,674	24,626
Deferred tax:		
Origination and reversal of temporary differences		
Special remuneratory benefit	9,693	(43,603)
Other foreign tax	(5,999)	(34,619)
Total deferred income tax (credit)/charge	3,694	(78,222)
Tax (credit)/charge in the consolidated income statement and statement of other comprehensive income	27,368	(53,596)

Special remuneratory benefit (SRB) is a tax that arises on one of the Group's assets, Bualuang in Thailand at rates that vary from zero to 75% of annual petroleum profit depending on the level of annual revenue per cumulative metre drilled. The current rate for SRB for 2016 was 4% (2015: 28%). Petroleum profit for the purpose of SRB is calculated as revenue less a number of deductions including operating costs, royalty, capital expenditures, special reduction (an uplift of certain capital expenditures) and losses brought forward.

(b) Reconciliation of the total tax (credit)/charge

The tax benefit not recognised in the consolidated income statement and statement of other comprehensive income is reconciled to the Group's weighted average tax rate of 25% (2015: 36%) The differences are reconciled below:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(Loss)/profit on operations before taxation	(50,078)	(376,048)
(Loss)/profit on operations before taxation multiplied by the applicable rate of 25%, being the average weighted corporate tax rate for the Group (2015: 36%)	(12,502)	(138,125)
Non-deductible expenditure	25,662	88,168
Share-based payments	1,493	929
Tax effect of SRB	6,367	(11,997)
Tax effect of equity accounted investments	(2,208)	(3,610)
Movement in unrecognised deferred tax assets	(3,115)	10,742
Other adjustments	(1,189)	–
Adjustment in respect of prior periods	12,860	297
Total tax (credit)/charge in the consolidated income statement and statement of other comprehensive income	27,368	(53,596)

(c) Reconciliation of SRB charge to loss from operations before taxation

The taxation charge for SRB for the year can be reconciled to the loss from operations before tax per the consolidated income statement and statement of other comprehensive income as follows:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Loss from operations before taxation	(50,078)	(376,048)
Add back losses from operations before taxation for activities outside of Thailand	91,687	296,547
Profit/(loss) from operations before taxation for activities in Thailand	41,607	(79,501)
Deduct share of profit of investments accounted for using the equity method	(4,417)	(7,219)
Profit/(loss) before taxation for activities in Thailand	37,190	(86,720)
Applicable rate of SRB	4%	28%
Tax at the applicable rate of SRB	1,488	(24,282)
Change in average SRB deferred tax rate	15,397	(37,450)
Effect of average SRB deferred tax rate compared to current SRB tax rate	(3,207)	28,791
Other non-deductible costs	(2,124)	8,948
Adjustment in respect of prior periods	1,179	–
Total SRB charge/(credit)	12,733	(23,993)

(d) Deferred income tax

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Deferred tax balances relate to the following:		
Corporate tax on fixed asset timing differences	(235,183)	(236,247)
SRB on fixed asset timing differences	(14,344)	(9,498)
	(249,527)	(245,745)

(e) Unrecognised tax losses

The Group has gross tax losses arising in the UK of $224,781,762 (2015: $192,101,762) and Australia nil (2015: $5,884,000) that are available to carry forward indefinitely to offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is not sufficient certainty that taxable income will be realised in the future due to the nature of the Group's international exploration activities and the long lead times in either developing or otherwise realising exploration assets.

(f) Other unrecognised temporary differences

The Group has other net unrecognised temporary differences in the various African countries where the Group are active totalling $164,441,000 (2015: $164,441,000) in respect of provisions and exploration expenditure for which deferred tax assets have not been recognised.

12 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
(Loss)/profit for the year	(77,446)	(322,452)
(Loss)/profit attributable to equity holders of the parent	(77,446)	(322,452)

	Cents	Cents
Basic (loss)/earnings per ordinary share	**(11.0)**	**(47.1)**
Diluted (loss)/earnings per ordinary share	**(11.0)**	**(47.1)**

	As at 31 Dec 2016	As at 31 Dec 2015
Number of shares (millions)		
Basic weighted average number of shares	706	685
Potentially dilutive share options and warrants	19	12
	725	697

No ordinary shares of 0.25p each have been issued on exercise of options and warrants between the year ended 31 December 2016 and the date of approval of these consolidated financial statements.

13 Exploration and evaluation assets

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Cost		
Balance at the beginning of the year	879,914	764,933
Additions[1]	119,225	131,961
Acquisition of subsidiary	–	132,000
Reclassified as assets held for sale	(588,770)	–
Expenditure written off[2]	(100,140)	(148,980)
Balance at the end of the year	310,229	879,914

1 Additions for the year ended 31 December 2016 include exploration activities in: Equatorial Guinea – Block R ($41.5 million), Côte d'Ivoire – 513 ($19.6 million), Tanzania – Blocks 1 & 4 ($22.7 million), Myanmar – Block AD03 ($8.7 million) and Malaysia – Block 2A ($7.7 million). Additions for the year ended 2015 included exploration activities in: Myanmar – Block AD03 ($28.3 million), Thailand – G4/50 ($19.7 million) and Equatorial Guinea – Block R ($18.3 million) and five Indonesian PSC licences from Niko Resources Limited ($25.3million). The licences acquired from Niko Resources were accounted for as an asset purchase as they did not meet the definition of a business combination in accordance with IFRS 3.

2 Expenditure written off in the year was $100 million. The most significant write off was in respect of Thailand – G4/50: loss of $57.6m and Indonesia: loss of $37m. The CGU applied for the purpose of the impairment assessment is the Blocks. The recoverable amount of each Block was nil. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current licence terms.

Expenditure written off for the year ended 31 December 2015 was $149.0 million. The significant write offs included within the $149.0 million are listed below:

Expenditure write off in respect of Kenya: loss of $62.6 million – Block L9, in respect of Gabon: loss of $12.5 million – Ntsina Block, loss of $17.8 million – Mbeli Block and in respect of three Blocks in the Seychelles a loss of $24.4 million. The CGU applied for the purpose of the impairment assessment is the Blocks. The recoverable amount for each Block was nil. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Blocks was budgeted or planned within the current licences terms.

The Group generally estimates value in use using a discounted cash flow model. Future cash flows are discounted to their present values using a pre-tax discount rate of 15% (2015: 15%). Adjustments to cash flows are made to reflect the risks specific to the CGU.

14 Oil and gas properties

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Cost		
Balance at the beginning of the year	**869,852**	–
Acquisition of subsidiary	**–**	827,131
Additions[1]	**5,426**	42,721
Balance at the end of the year	**875,278**	869,852
Depreciation and amortisation		
Balance at the beginning of the year	**(207,675)**	–
Charge for the year	**(52,703)**	(80,943)
Impairment reversal/(charge)[2]	**84,100**	(126,732)
Balance at the end of the year	**(176,278)**	(207,675)
Net book value		
Balance at the beginning of the year	**662,177**	–
Balance at the end of the year	**699,000**	662,177

1 Additions in 2016 are stated net of a $19.2 million decommissioning remeasurement.
2 The 2016 impairment reversal was due to increased reserves related to the Bualuang oil field in Thailand which has a recoverable amount of $410.7m based on management's estimate of value in use. The discount rate used was 15% (pre-tax).
The 2015 impairment charge of $126.7 million related to the Bualuang oil field in Thailand which had a recoverable amount of $387.2 million based on management's estimate of value in use. The discount rate used was 15% (pre-tax).

15 Other property, plant and equipment

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	10,826	11,278
Foreign currency translation	–	(575)
Acquisition of subsidiary	–	1,869
Additions	1,165	2,066
Disposals	–	(3,812)
Balance at the end of the year	11,991	10,826
Depreciation		
Balance at the beginning of the year	(5,686)	(4,971)
Foreign currency translation	–	361
Depreciation charge for the year	(2,599)	(4,184)
Disposals	–	3,108
Balance at the end of the year	(8,285)	(5,686)
Net book value		
Balance at the beginning of the year	5,140	6,307
Balance at the end of the year	3,706	5,140

16 Financial assets

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Security deposits – Rental properties	2,166	6,374
Security deposits – Exploration commitments[1]	–	2,530
Other long term receivables	18,937	18,349
	21,103	27,253

1 Floating interest deposits pledged to third parties or banks as security in relation to the Group's exploration commitments.

17 Inventory

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Oil and condensate	11,111	1,527
Materials and consumables	35,627	48,689
	46,738	50,216

The inventory valuation is stated net of a provision of $14.6 million (2015: nil) to write inventories down to their net realisable value.

18 Trade and other receivables

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Trade and other debtors	24,342	27,471
Prepayments	7,977	4,600
	32,319	32,071

All debtors are current. There are no receivables that are past due or impaired. Trade and other debtors primarily relate to receivables from joint operation partners.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

19 Cash and cash equivalents

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Cash	130,677	116,060
Cash equivalents	229,747	498,509
	360,424	614,569

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $360.4 million (2015: $614.6 million).

20 Trade and other payables

	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	As at 31 Dec 2015 $'000
	Within 1 year	After 1 year	Within 1 year	After 1 year
Trade payables	7,658	–	22,310	–
Accruals and deferred income	71,196	10,285	91,350	–
Payables in relation to joint operation partners	14,544	–	2,311	–
	93,398	10,285	115,971	–

Trade payables are unsecured and are usually paid within 30 days of recognition.

21 Interest bearing bank loans

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Long-term balance at the beginning of the year	115,949	–
Short-term balance at the beginning of the year	37,059	–
Acquisition of subsidiary	–	253,918
Less: amounts repaid during the year	(59,352)	(100,910)
Less: amounts due within one year	(9,741)	(37,059)
Total borrowings due after one year	83,915	115,949

Interest-bearing bank borrowings comprise a $350 million senior reserves based lending facility. The facility has been arranged for a period of seven years commencing in December 2012.

The senior reserves based lending facility is secured against certain of the Group's Thailand and Indonesia development and producing assets. There has been no breach of terms on the borrowing facility. The key terms of the facility are:

- Initial facility amount of up to $350 million. The current facility as at 31 December 2016 is $223m.
- Financial covenants relating to the ratio of the loan balance outstanding to the net present value of cash flows of the secured assets and relating to the ratio of the loan balance outstanding to the net present value of cash flows during the life of the loan of the secured assets.
- Financial covenants relating to the maximum amount of borrowings of the Salamander Energy plc Group (SEPLC).
- The Group may draw an amount up to the lower of the facility amount being $223 million as at 31 December 2016 or the borrowing base amount as determined by the forecast cash flows arising from the borrowing base assets of $104 million.
- As at 31 December 2016 the facility available is $104 million (2015: $153m) of which $94m has been drawn down.
- Interest accrues at a rate of between 3.70% and 4.20% plus LIBOR depending on the maturity of the assets. The borrowing base amount is re-determined on a semi-annual basis; with the Group further having the option to undertake two mid-period redeterminations in each year should it elect to do so.
- No early repayment penalties.
- Change of control provisions.

The acquisition of Salamander Energy plc by Ophir on 3 March 2015 constituted a change of control under the terms of the facility. Prior to this transaction completing, a waiver was obtained from the lending banks such that the terms of the borrowing facility were not impacted at the date of completion.

22 Bonds payable

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year	106,651	–
Acquisition of subsidiary:		
9.75% unsecured, callable bonds at $150 million par value	–	154,835
Redemption – 9.75% unsecured, callable bonds at $45.2 million par value	–	(45,652)
Gain on redemption	–	(282)
Coupon interest charged	10,218	9,510
Interest paid	(10,218)	(11,760)
Balance at the end of the year	106,651	106,651

The unsecured callable bonds were issued by Salamander Energy plc in December 2013 at an issue price of $150 million. The bonds have a term of six years and one month and will be repaid in full at maturity. The bonds carry a coupon of 9.75% and were issued at par. On 5 May 2015, bond holders exercised put options at 101% for the redemption of bonds with a par value of $45.2 million.

23 Net debt

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Amounts due on maturity:		
Interest bearing bank loans (see Note 21)	93,656	153,008
Bonds payable (see Note 22)	106,651	106,651
Total gross debt	200,307	259,659
Less cash and cash equivalents (see Note 19)	(360,424)	(614,569)
Total net cash	(160,117)	(354,910)

At the balance sheet date, the bank borrowings are calculated to be repayable as follows:

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
On demand or due within one year	9,741	37,059
In the second year	43,831	43,701
In the third to fifth year inclusive	146,735	178,899
After five years	–	–
Total principal payable on maturity	200,307	259,659

24 Provisions

	Decommissioning and restoration of oil and gas $'000	Litigation and other claims $'000	Other provision $'000	Total $'000
At 31 December 2015	67,190	26,350	21,387	114,927
Arising during the period	–	–	–	–
Utilised/paid	–	–	(10,000)	(10,000)
Unwinding of discount (Note 7)	2,568	–	–	2,568
Foreign exchange revaluation	–	–	(14)	(14)
Amounts released	–	(10,517)	(11,373)	(21,890)
Remeasurement	(19,208)	–	–	(19,208)
At 31 December 2016	**50,550**	**15,833**	**–**	**66,383**
Balance at the end of the year				
Current	–	15,833	–	15,833
Non-current	50,550	–	–	50,550
	50,550	15,833	–	66,383

Decommissioning and restoration of oil and gas assets
The decommissioning of oil and gas properties is expected to fall due from 2035 onwards.

Litigation and Other Claims
Litigation and other claims consist of separate legal matters, including claims arising from trading activities, in various Group companies and at various stages of negotiation. The majority of any cash outflow from these matters is expected to occur within the next 12 months, although this is dependent on the development of the various legal claims. In the Directors' opinion, after taking appropriate legal advice, the amounts provided at 31 December 2016 represent the best estimate of the expected loss.

Other provisions
During 2016, $10 million of a $20 million provision, representing the unavoidable net cost of exiting a contract, was released and the remaining $10 million of the provision was paid.

25 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the interest bearing bank loans and bonds payable as disclosed in Notes 21 and 22 of these consolidated financial statements, cash and cash equivalents as disclosed in Note 19 of these consolidated financial statements, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 26, 29 and 30 of these consolidated financial statements and in the consolidated statement of changes in equity. This is further discussed in the Principal risks section of these Annual Report and Accounts.

To maintain or adjust the capital structure, the Group may issue new shares for cash, engage in active portfolio management, or other such restructuring activities as appropriate.

Gearing Ratio

Management reviews the capital structure on a continuing basis. The gearing ratio is defined as net debt divided by equity attributable to equity holders of the Company plus net debt. At the year-end it was calculated as follows:

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Net cash (see Note 23)	(160,117)	(354,910)
Equity plus net debt	1,414,960	1,294,594
Gearing ratio	(11.3)%	(27.4)%

Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which the income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the statement of accounting policies.

Financial assets and liabilities

Current assets and liabilities

Management consider that due to the short-term nature of current assets and liabilities, the carrying values equates to their fair value.

Non-current assets and liabilities

The carrying value and fair values of non-current financial assets and liabilities are shown in the following tables:

	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	As at 31 Dec 2015 $'000
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets:				
Security deposits	2,166	2,166	8,904	8,797
Financial liabilities:				
Interest bearing bank loans	(93,656)	(92,760)	(153,008)	(144,539)
Bonds payable	(106,651)	(108,337)	(106,651)	(108,400)

Financial risk management

The Group's principal financial assets and liabilities comprise of trade and other receivables, cash and cash equivalents, short-term investments and trade and other payables, interest bearing bank loans and bonds payable, which arise directly from its operations. Details are disclosed in Notes 18 to 22 of these consolidated financial statements. The main purpose of these financial instruments is to manage short-term cash flow and provide finance for the Group's operations.

The Group's senior management oversees the management of financial risk and the Board of Directors has established an Audit Committee to assist in the identification and evaluation of significant financial risks. Where appropriate, consultation is sought with an external adviser to determine the appropriate response to identified risks. The Group does not trade in derivatives for speculative purposes.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are commodity, credit, interest rate, foreign currency and liquidity risks.

25 Financial instruments continued

(a) Commodity price risk

The Group's policy is to consider oil and gas price hedging when and where it is economically attractive to lock-in prices at levels that protect the cash flow of the Group, its business plan and debt related coverage ratios. All hedging transactions to date have been related directly to expected cash flows and no speculative transactions have been undertaken. There were no hedging transactions in 2016.

For 2016, the Group's oil production was predominantly sold at prices relative to the spot market. No production in 2016 was hedged. There were no open positions at the end of 2016. Therefore, the Group had no exposure to commodity price risk at 31 December 2016.

(b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk of third parties is the aggregate of the carrying value of its security deposits, cash and cash equivalents, short-term investments and trade and other receivables.

In respect of the Group's trade sales, the Group manages credit risk through dealing with, whenever possible, either international energy companies or state owned companies based in Thailand and Indonesia and obtaining sufficient collateral where appropriate. The Group consistently monitors counterparty credit risk. The carrying value of financial assets recorded in these financial statements represents the Group's maximum exposure to credit risk at the year-end without taking account of any collateral obtained. In addition, the Group's operations are typically structured via contractual joint venture arrangements. As such the Group is reliant on joint venture partners to fund their capital or other funding obligations in relation to assets and operations which are not yet cash generative. The Group closely monitors the risks and maintains a close dialogue with those counterparties considered to be highest risk in this regard.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2016					
Current financial assets					
Cash and cash equivalents	136,305	218,720	5,310	89	360,424
Trade and other receivables	–	–	–	19,973	19,973
	136,305	218,720	5,310	20,062	380,397
Non-current financial assets					
Security deposits	–	–	–	2,166	2,166
	–	–	–	2,166	2,166

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-3 and below $'000	No default customers $'000	Total $'000
Year ended 31 December 2015					
Current financial assets					
Cash and cash equivalents	371,616	239,801	3,111	41	614,569
Trade and other receivables	–	–	–	13,003	13,003
	371,616	239,801	3,111	13,044	627,572
Non-current financial assets					
Security deposits	2,530	–	6,374	–	8,904
	2,530	–	6,374	–	8,904

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with which the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than twelve months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

(c) Interest rate risk

The Group is exposed to interest rate movements through its interest bearing bank loans, bonds payable, cash and cash equivalent deposits and short-term investments, which are at rates fixed to LIBOR.

The sensitivity analysis below has been determined based on the Group's exposure to an interest rate movement and is prepared assuming the amount of the net debt outstanding at the balance sheet date was outstanding for the whole year.

For net debt, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2016 would have decreased by $0.8 million (2015: loss decrease $1.8 million) or increased by $0.8 million (2015: loss increase $1.8 million) respectively.

The sensitivity in 2016 was maintained at 0.5% as interest rate volatilities remain similar to those in the prior period.

(d) Foreign currency risk

The Group has currency exposures arising from assets and liabilities denominated in foreign currencies and transactions executed in currencies other than the respective functional currencies.

The Group, with the exception of Ophir Services Pty Ltd, have adopted US Dollars as their functional and reporting currencies as this represents the currency of their primary economic environment as the majority of the Group's funding and expenditure is US Dollars. Ophir Services Pty Ltd has adopted the Australian Dollar as its functional currency.

The Group's exposure to foreign currency risk is managed by holding the majority of its funds in US Dollars, as a natural hedge, with remaining funds being held mainly in Pounds Sterling (GBP), Australian Dollars (AUD), Euros (EUR) and Thailand Baht (THB) to meet commitments in those currencies.

As at 31 December 2016, the Group's predominant exposure to foreign exchange rates related to cash and cash equivalents held in GBP by companies with US Dollar functional currencies.

At the statement of financial position date, the Group's net debt had the following exposure to GBP, THB and AUD foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Financial assets		
Cash and cash equivalents		
AUD	522	1,303
GBP	9,540	4,228
THB	7,359	15,572
Other	557	641
	17,978	21,744
Net Exposure	**17,978**	**21,744**

The following table demonstrates the sensitivity to reasonable possible changes in GBP, AUD and THB against the US Dollar exchange rates with all other variables held constant, of the Group's (loss)/profit before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax Higher/(lower)		Equity Higher/(lower)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
US Dollar to GBP +5% (2015: +5%)	405	1,448	405	1,448
US Dollar to GBP -5% (2015: -5%)	(405)	(1,448)	(405)	(1,448)
US Dollar to AUD +5% (2015: +5%)	(21)	(72)	(21)	(72)
US Dollar to AUD -5% (2015: -5%)	21	72	21	72
US Dollar to THB +5% (2015: +5%)	296	901	296	901
US Dollar to THB -5% (2015: -5%)	(296)	(901)	(296)	(901)

25 Financial instruments continued

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations.
- The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Group.

(e) Liquidity risk

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents, and borrowing facilities to meet its forecast short, medium and long-term commitments. The Group continually monitors its actual and forecast cash flows to ensure that there are adequate reserves and banking facilities to meet the maturing profiles of its financial assets and liabilities.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group was required to pay at the balance sheet date. The table includes both interest and principal cash flows.

	As at 31 December 2016						
	Within 1 year $'000	**1-2 years $'000**	**2-3 years $'000**	**3-4 years $'000**	**4-5 years $'000**	**Greater than 5 years $'000**	**Total $'000**
Non-interest bearing	(65,039)	–	–	–	–	–	(65,039)
Variable interest rate instruments	(9,741)	(43,831)	(40,084)	–	–	–	(93,656)
Fixed interest rate instruments:							
– Bond payable	–	–	–	(106,651)	–	–	(106,651)
Total	(74,780)	(43,831)	(40,084)	(106,651)	–	–	(265,346)

	As at 31 December 2016						
	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	Greater than 5 years $'000	Total $'000
Non-interest bearing	(93,420)	–	–	–	–	–	(93,420)
Variable interest rate	(38,727)	(47,634)	(47,273)	(36,106)	–	–	(169,740)
Fixed interest rate							
– Bond payable	–	–	–	–	(149,111)	–	(149,111)
Total	(132,147)	(47,634)	(47,273)	(36,106)	(149,111)	–	(412,271)

Additionally, Notes 32 and 33 of these consolidated financial statements set out the Group's outstanding financial commitments at the year end.

(f) Disclosure of fair values

The carrying value of security deposits and borrowings are disclosed in the financial statements as at 31 December 2016. The fair value of these assets and liabilities are disclosed in the table of financial assets and liabilities on page 115 of these consolidated financial statements.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Level 1	(108,337)	(108,400)
Level 2	-	–
Level 3	(90,594)	(135,742)
	(198,931)	(244,142)

There were no transfers between fair value levels during the year.

26 Share capital

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407 (2015: 593,810,795)	3,061	2,474
Issued on exercise of share options during the year: nil (2015: nil)	–	–
Issued during the year: nil (2015: 152,208,612[1])	–	587
In issue at the end of the year 746,019,407 (2015: 746,019,407)	3,061	3,061

1 152,208,612 ordinary shares issued in consideration for the Salamander Energy plc acquisition on 3 March 2015. The market value of the Company's shares on this date was: £1.39 ($2.14).

The balances classified as called up; allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

27 Investments accounted for using the equity method

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Company		
APICO LLC	27.18%	27.18%
APICO (Khorat) Holdings LLC	27.18%	27.18%
APICO (Khorat) Limited	27.18%	27.18%

The investments in the jointly controlled entities have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements.

APICO is a limited liability company formed in the State of Delaware, USA. APICO LLC wholly owns APICO (Khorat) Holdings LLS a limited liability company formed in the State of Delaware, USA. APICO (Khorat) Holding LLC wholly owns APICO (Khorat) Limited which is a Thai limited company that was incorporated and has its principal place of business in the Kingdom of Thailand.

The Group's primary business purpose is the acquisition, exploration, development and production of petroleum interests in the Kingdom of Thailand.

The Group's share of the results of its joint venture and the Group share of its assets and liabilities as at 31 December 2016 are shown in the tables below:

Results for the period	1 Jan to 31 Dec 2016 $'000	3 Mar to 31 Dec 2015 $'000
Sales and other operating revenues	14,617	16,658
Profit before interest and taxation	7,623	11,979
Net finance costs	(219)	(160)
Profit before taxation	7,404	11,819
Taxation	(2,987)	(4,600)
Profit for the period	4,417	7,219

Summarised financial information of APICO LLC

Results for the year ended	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Sales and other operating revenues	53,778	61,288
Profit before interest and taxation	28,046	44,073
Net finance costs	(806)	(589)
Profit before taxation	27,240	43,484
Taxation	(10,990)	(16,924)
Profit for the period	16,250	26,560

27 Investments accounted for using the equity method continued

Group share of assets and liabilities	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Non-current assets	46,878	48,267
Current assets	6,207	5,888
Total assets	53,085	54,155
Current liabilities	(5,240)	(6,562)
Non-current liabilities	(2,414)	(2,529)
Total liabilities	(7,654)	(9,091)
Net assets	45,431	45,064

The following table shows the movement in investments in the jointly controlled entities:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year	130,200	–
Acquisition of subsidiary	–	167,000
Additions	1,283	3,941
Impairment	–	(42,117)
Share of profit of investments	4,417	7,219
Dividends received	(5,164)	(5,843)
Balance at the end of the year	130,736	130,200

28 Treasury shares

Ordinary shares of 0.25p each held by the Group as treasury shares	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year 40,227,138 (2015: 14,910,114)	155	59
Acquired during the year: Nil (2015: 26,114,403)	–	99
Disposed of on exercise of share options during the year: 308,753 (2015: 797,379)	(2)	(3)
Balance at the end of the year 39,918,385 (2015: 40,227,138)	153	155

Treasury shares represent the cost of shares in the Company purchased in the market and held by the Company to satisfy options under the Group's employee incentive share option plans (refer to Note 31 of these consolidated financial statements). On 14 August 2014, the Company announced that the Board had approved a share buyback programme of up to $100 million of ordinary shares (the 'Programme'). In 2016, the Company did not purchase any shares under the Programme. In 2015, the Company purchased shares under the Programme for a total consideration of $56.1 million, including costs of $0.3 million. The remaining facility as at 31 December 2016 was nil (2015: nil).

29 Reserves

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Treasury shares (Note 28)	(153)	(155)
Other reserves (Note 30)	1,572,449	1,646,878
	1,572,296	1,646,723
Non-controlling interest[1]	(280)	(280)
	1,572,016	1,646,443

1 The non-controlling interest relates to Dominion Uganda Ltd, where the Group acquired a 95% shareholding during 2012.

30 Other reserves

	Share premium[1] $'000	Capital redemption[2] reserve $'000	Option premium[3] reserve $'000	Consolid-ation[4] reserve $'000	Merger[5] reserve $'000	Equity component on convertible bond[6] $'000	Foreign currency translation[7] reserve $'000	Accum-ulated losses $'000	Total other reserves $'000
As at 1 January 2015	807,427	62	50,214	(500)	341,792	669	6,240	490,000	1,695,904
Loss for the period, net of tax	–	–	–	–	–	–	–	(322,452)	(322,452)
Other comprehensive income, net of tax	–	–	–	–	–	–	(702)	–	(702)
Total comprehensive loss, net of tax	–	–	–	–	–	–	(702)	(322,452)	(323,154)
New ordinary shares issued to third parties	–	–	–	–	325,545	–	–	–	325,545
Purchase of own shares[8]	–	98	–	–	–	–	–	(56,109)	(56,011)
Exercise of options	–	–	–	–	–	–	–	–	–
Share-based payment		–	4,594	–	–			–	4,594
As at 31 January 2015	807,427	160	54,808	(500)	667,337	669	5,538	111,439	1,646,878
Profit for the period, net of tax	–	–	–	–	–	–	–	(77,446)	(77,446)
Other comprehensive income, net of tax	–	–	–	–	–	–	31	–	31
Total comprehensive income, net of tax	–	–	–	–	–	–	31	(77,446)	(77,415)
New ordinary shares issued to third parties	–	–	–	–	–	–	–	–	–
Purchase of own shares[8]	–	–	–	–	–	–	–	–	–
Exercise of options	–	–	–	–	–	–	–	–	–
Share-based payment	–	–	2,986	–	–	–	–	–	2,986
As at 31 December 2016	807,427	160	57,794	(500)	667,337	669	5,569	33,993	1,572,449

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.
2 The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.
3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.
4 The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity.
5 In 2015 the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613) were applied to the Salamander Energy plc acquisition. The non-statutory premium arising on shares issued by Ophir as consideration has been recognised in the Merger reserve, by virtue of Ophir acquiring in excess of 90% of all classes of the acquiree's issued share capital.
6 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.
7 The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.
8 During the year, the Group purchased nil shares (31 December 2015: 26,114,403) under the share buyback Programme for a total consideration of nil million (31 December 2015: $56.1 million), including costs of nil million (31 December 2015: $0.3 million). The remaining facility as at 31 December 2016 was nil (31 December 2015: nil).

31 Share-based compensation

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determine the vesting terms, if any, subject to the proviso that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long Term Incentive Share Option Plan

On 26 May 2011, the Board resolved to establish the Ophir Energy Long Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan

On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP Awards as and when they are exercised. No shares have been acquired by the Trust.

Ophir Energy plc Net Asset Value (NAV) Scheme

On 10 May 2016 the Board resolved to establish the Ophir Energy Long-Term value creation plan 2016, effective 1 January 2016 to all Ophir employees participating in the plan. The plan only rewards if the Group delivers long-term growth in Net Asset Value (NAV) per share which is measured based on well-defined NAV events. When an event does take place, 12.5% of the increase in NAV above the prior Benchmark NAV will be used to create a reward pool. NAV events will generally be monetisation events such as farm-outs and asset sales, which have defined values, and the risked value of development assets once a Final Investment Decision (FID) is taken or first production takes place to ensure NAV events are tangible and demonstrably value creating. The impact of commodity prices is factored out of the scheme so that these events are neutral to ensure that the reward pool is not artificially inflated or deflated by the commodity cycle. Similarly, cash distributions, fundraising or capital changes are also factored out of the scheme. When a reward pool is created, it will be distributed with the following features to apply to Executive Directors:

- individual rewards are capped;
- 75% of NAV scheme rewards are delivered as deferred shares that vest after three, four and five years with a requirement for the total number of after tax shares to be retained for a minimum of five years;
- 25% of rewards are delivered in cash; and
- recovery and withholding provisions apply to ensure that only true value creation is the basis of rewards.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding options at the beginning of year	12,735,270	$0.97/£0.65	8,201,313	$1.39/£0.90
Granted during the year	9,542,214	0.33c/0.25p	6,362,409	0.37c/0.25p
Exercised during the year	(308,753)	0.33c/0.25p	(797,419)	0.37c/0.25p
Expired during the year	(2,683,432)	$0.75/£0.56	(1,031,033)	$0.16/£0.11
Outstanding options at the end of year	19,285,299	$0.48/£0.36	12,735,270	$0.97/£0.65
Exercisable at end of year	3,043,906	$2.60/£2.11	4,035,068	$2.90/£1.96

The weighted average exercise price of options granted during the year was $0.0033 (2015: $0.0037). The range of exercise prices for options outstanding at the end of the year was $0.0037 to $7.44 (2015: $0.0037 to $8.14) with a remaining exercise period in the range of one to eight years.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo simulation for the Long Term Incentive Plan and a binomial model for the DSP, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2016.

	Long Term Incentive Plan		2012 Deferred Share Plan	
	2016	2015	**2016**	2015
Dividend yield (%)	–	–	–	–
Exercise Price	0.33c/0.25p	0.37c/0.25p	0.33c/0.25p	0.37c/0.25p
Share Volatility (%)	49%	50%	49%	50%
Risk-free interest rate (%)	0.64%	0.5%	0.64%	0.5%
Expected life of option (years)	0-3	0–4	0-3	0–43
Weighted average share price	$0.91/£0.63	$1.05/£0.71	$1.24/£0.86	$2.10/£1.42

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.

(b) Share-based payments to Directors
During the year a total of 2,702,158 (2015: 1,334,506) nil cost options to acquire ordinary shares were granted to Directors under the Ophir Energy Long-Term Incentive Plan.

During the year no options were granted to Directors under the Ophir Energy Company 2006 Share Option Plan. (2015: nil).

32 Operating lease commitments

At 31 December 2016 the Group was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 2016 $'000	As at 2015 $'000
Due within one year	17,358	18,909
Due later than one year but within five years	66,305	67,088
Due later than five years	40,912	58,269
	124,575	144,266

33 Capital commitments – exploration

In acquiring its oil and gas interests the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments in the following table are an estimate of the net cost to the Group of performing these work programmes:

	As at 2016 $'000	As at 2015 $'000
Due within one year	46,870	39,010
Due later than one year but within two years	31,805	30,350
Due later than two years but within five years	1,240	17,680
	79,915	87,040

34 Contingent liabilities

An individual has commenced claims against the Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within the portfolio. Preliminary court hearings for applications relating to the claims have been held, and, to date, no material rulings have been made. The Group is awaiting the schedule for the full trials and it is not practicable to state whether any payment obligation may arise. The Group has taken the view that the actions are without merit and accordingly has estimated that no liability will arise as a result of proceedings and therefore no provision for any liability has been made in these financial statements.

35 Subsidiary undertakings, joint ventures, associates and material joint operations

Subsidiary undertakings

A complete list of Ophir Energy plc Group companies at 31 December 2016, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these consolidated financial statements on pages 143 to 146. All of these subsidiaries have been included in these consolidated financial statements on pages 87 to 125.

Material joint operations

The following joint operations are considered individually material to the Group as at 31 December 2016.

Asset	Principal place of business	Activity
Block R[1]	Equatorial Guinea	Exploration
Block 1[2]	Tanzania	Exploration
Block 4[3]	Tanzania	Exploration
Bangkanai (Kerendan)[4]	Indonesia	Exploration and production

1 This concession is operated by the Group and it has an 80% interest.
2 This concession is operated by Shell in which the Group has a 20% interest.
3 This concession is operated by Shell in which the Group has a 20% interest.
4 This concession is operated by the Group and it has a 70% interest.

Capital commitments relating to these projects are included in Note 33 of these consolidated financial statements. There are no contingent liabilities associated with these projects. Refer to Note 2.3(l) of these consolidated financial statements for the Group's accounting policy for jointly controlled assets and liabilities.

36 Related party disclosures

(a) Identity of related parties

The Group has related party relationships with its subsidiaries (refer to Note 6 of the Company financial statements), joint ventures (refer to Note 20 and Note 35 of these consolidated financial statements) and its Directors.

Recharges from the Company to subsidiaries in the year were $16,536,220 (2015: $13,228,862). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of these consolidated financial statements.

37 Business combinations

Acquisitions in 2016

There were no business acquisitions in 2016.

Acquisitions in 2015

On 3 March 2015 (the acquisition date), the Group acquired 100% of the share capital of Salamander Energy Plc ('Salamander'), a Southeast Asian focused independent exploration and production company quoted on the London Stock Exchange. The enlarged Group enhances Ophir's operating capabilities in both Africa and Southeast Asia and deepwater expertise across key technical and commercial functions. The combined Group provides shareholders with a diversified exposure to 21 production, development and exploration blocks in Africa and Southeast Asia.

The Group announced that the scheme of arrangement was approved by Salamander's shareholders on 6 February 2015 and was sanctioned by the Supreme Court in London effective on 2 March 2015. The consideration of $326.1 million was satisfied in full by equity by which Salamander shareholders received 0.5719 Ophir ordinary shares for each Salamander ordinary share held.

The acquisition was accounted for as a single business combination. The fair value assessment of the Salamander identifiable assets and liabilities acquired as at the date of acquisition have been reviewed in accordance with the provisions of IFRS 3 – 'Business Combinations'. Details of the Group accounting policies in relation to business combinations are contained in Note 2 of these consolidated financial statements.

The fair values of the assets acquired have been calculated using valuation techniques based on discounted cash flows using forward curve commodity prices, a discount rate based on market observable data and cost and production profiles.

The fair values of the identifiable assets and liabilities of Salamander as at the date of acquisition were:

	Fair Value as at 3 Mar 2015 $'000
Assets	
Exploration and evaluation assets	132,000
Oil & gas properties	827,131
Other property, plant and equipment	1,869
Financial assets	46,749
Investments accounted for using the equity method	167,000
Inventory	19,142
Trade and other receivables[1]	68,680
Cash and cash equivalents	48,827
	1,311,398

	Fair Value as at 3 Mar 2015 $'000
Liabilities	
Trade and other payables	(42,216)
Current tax liability	(97,375)
Interest-bearing bank borrowings	(253,918)
Convertible bonds[2]	(93,959)
Bonds payable	(154,835)
Provisions	(64,127)
Deferred tax liability	(278,837)
	(985,267)
Total identifiable net assets at fair value	**326,131**
Goodwill arising on acquisition	–
Consideration satisfied by the issue of:	
Equity instruments (152,208,612 ordinary shares of parent company[3]	326,131
Total consideration transferred	**326,131**

1 The fair value of the trade and other receivables amounts to $68.7 million. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.
2 The convertible bonds were redeemed at par value $94.0 million on 30 March 2015. Accrued interest up to the date of redemption $2.35 million was also paid on this date.
3 The Group issued 152,208,612 new shares in consideration for the entire share capital of Salamander. The fair value of the shares is the published price of the shares of the Group at the acquisition date. Therefore, the fair value of the share consideration given is $326.1 million.

From the date of acquisition, 3 March 2015 to 31 December 2015, Salamander contributed $161.1 million to Group revenue and a loss of $132.2 million to Group loss after taxation. If the acquisition of Salamander had taken place at the beginning of the year, Salamander contribution to Group revenue and loss after taxation for the year ended 31 December 2015 would be $211.1 million and $147.7 million respectively.

The corporate costs associated with the transaction amounted to $8.0 million and have been expensed in general and administration expenses in the consolidated income statement and statement of other comprehensive income.

38 Events after the reporting period

There have been no events after the reporting period that require disclosure in the Group accounts.

Company statement of financial position
As at 31 December 2016

	Notes	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment	6	2,752	4,026
Investments in subsidiaries	7	1,159,571	1,139,524
Financial assets	8	1,887	2,202
		1,164,210	**1,145,752**
Current assets			
Inventory	9	6,215	6,655
Trade and other receivables	10	2,337	3,363
Cash and cash equivalents	11	265,514	533,630
		274,066	**543,648**
Total assets		**1,438,276**	**1,689,400**
Current liabilities			
Trade and other payables	12	(2,733)	(6,468)
Taxation payable		(25)	(25)
		(2,758)	(6,493)
		–	–
Total liabilities		**(2,758)**	**(6,493)**
Net assets		**1,435,518**	**1,682,907**
Capital and reserves			
Called up share capital	14	3,061	3,061
Treasury shares	15	(153)	(155)
Other reserves	16	1,432,610	1,680,001
Total equity		**1,435,518**	**1,682,907**

The Company's loss for the year was $250,377,000 (2015: $206,353,000)

The notes on pages 129 to 146 form part of these Company financial statements.

The Company financial statements of Ophir Energy plc (registered number 05047425) on pages 126 to 146 were approved by the Board of Directors on 8 March 2017.

On behalf of the Board:

Nick Cooper
Chief Executive Officer

Tony Rouse
Chief Financial Officer

Company statement of changes in equity
For the year ended 31 December 2016

	Called up share capital $'000	Treasury shares $'000	Other[1] reserves $'000	Total equity $'000
As at 1 January 2015	**2,474**	**(59)**	**1,612,226**	**1,614,641**
Loss for the period, net of tax	–	–	(206,353)	(206,353)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(206,353)	(206,353)
New ordinary shares issued to third parties	587	–	325,545	326,132
Purchase of own shares	–	(99)	(56,011)	(56,110)
Exercise of options	–	3	–	3
Share-based payment	–	–	4,594	4,594
As at 31 December 2015	**3,061**	**(155)**	**1,680,001**	**1,682,907**
Loss for the period, net of tax	–	–	(250,377)	(250,377)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income, net of tax	–	–	(250,377)	(250,377)
Exercise of options	–	2	–	2
Share-based payment	–	–	2,986	2,986
As at 31 December 2016	**3,061**	**(153)**	**1,432,610**	**1,435,518**

1 Refer to Note 16 of these Company financial statements.

The notes on pages 129 to 146 form part of these Company financial statements.

Company statement of cash flows
For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Operating activities			
Loss before taxation		(250,376)	(206,353)
Adjustments to reconcile loss before tax to net cash flows:			
Interest income		(1,862)	(1,624)
Foreign exchange losses/(gains)		1,088	3,776
Depreciation of property, plant and equipment	6	2,093	2,714
Share-based payment expense		2,986	4,594
Allowance for impairment of investment in subsidiaries	7	492,364	158,204
Working capital adjustments			
(Decrease)/increase in trade and other payables		(1,581)	(8,029)
Decrease/(increase) in trade and other receivables		2,025	966
Cash flows used in operating activities		**246,737**	**(45,752)**
Interest income		1,862	1,624
Net cash flows used in operating activities		**248,599**	**(44,128)**
Investing activities			
Purchases of property, plant and equipment	6	(5,058)	(2,202)
Investment in subsidiaries		(425)	(246,877)
Decrease/(increase) in inventory		440	(588)
(Loans to)/repaid by subsidiaries		(511,982)	(182,276)
Cash returned/(placed) on deposit		–	294,904
Security deposits returned/(placed)		–	4,740
Net cash flows (used in)/from investing activities		**(517,025)**	**(132,299)**
Financing activities			
Proceeds from of exercise of share options		2	3
Purchase of own shares		–	(56,109)
Net cash flows (used in)/from financing activities		**2**	**(56,106)**
(Decrease)/increase in cash and cash equivalents for the year		**(268,424)**	**(232,533)**
Net effect of foreign exchange rates on cash and cash equivalents		308	(3,776)
Cash and cash equivalents at the beginning of the year		533,630	769,939
Cash and cash equivalents at the end of the year	11	**265,514**	**533,630**

The notes on pages 129 to 146 form part of these Company financial statements.

1 Corporate information

Ophir Energy plc (the Company) is a public limited company domiciled and incorporated in England and Wales. The Company's registered offices are located at 123 Victoria Street, London SW1E 6DE.

The Company's business is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and Southeast Asia.

The Company's financial statements for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 8 March 2016 and the Statement of Financial Position was signed on the Board's behalf by Nick Cooper and Tony Rouse.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation and statement of compliance

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis except for revaluation of certain derivative instruments measured at fair value. The financial statements are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

The Company is the ultimate parent entity of the Group. The Company's financial statements are included in the Ophir Energy plc consolidated financial statements for the year ended 31 December 2016. As permitted by the section s408 of the Companies Act 2006 the Company has not presented its own income statement and statement of other comprehensive income and related notes.

Comparative figures for the period to 31 December 2015 are for the year ended on that date.

New and amended accounting standards and interpretations
The Company has adopted relevant new and amended IFRS and IFRIC interpretations as of 1 January 2015. These are detailed in Note 2 of the Group financial statements.

2.2 Significant accounting policies

(a) Investment in subsidiaries
The Company holds monetary balances with its subsidiaries of which settlement is neither planned nor likely to occur in the foreseeable future. Such balances are considered to be part of the Company's net investment in its subsidiaries.

The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(b) Financial instruments

i. Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, but excludes any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid, (for example, cash set aside to cover rehabilitation obligations). For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

ii. Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Allowance is made when there is objective evidence that the Company will not be able to recover balances in full. Evidence on non-recoverability may include indications that the debtor or group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or default or delinquency in repayments. Balances are written off when the probability of recovery is assessed as being remote. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

iii. Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2 Basis of preparation and significant accounting policies continued

iv. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) Inventories

Inventories which comprise drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

(d) Property, plant and equipment

Cost

Property, plant and equipment, which comprises furniture and fittings and computer equipment, is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on property, plant and equipment calculated using the straight line method at rates to write off the cost, less estimated residual value based on prices prevailing at the statement of financial position date, of each asset over expected useful lives ranging from three to 10 years.

(e) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

(f) Pensions and other post-retirement benefits

Up to 31 October 2016, the Company did not operate its own pension plan but made pension or superannuation contributions to private funds of its employees which are defined contribution plans. On 1 November 2016 the Group launched its own defined contribution scheme for its executive directors. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(g) Employee benefits

Salaries, wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(h) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company has leases where the Lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes or duty.

(k) Interest income
Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(l) Share-based payments
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Company cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(m) Foreign currency translation
The functional currency of the Company is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non- monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

(n) Income taxes
Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

2 Basis of preparation and significant accounting policies continued

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

(o) Impairment

The Company assesses at each reporting date whether there is an indication that an intangible asset or item of property plant and equipment may be impaired. If any indication exists, or when annual impairment testing for is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Company financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company has used estimates and assumptions in deriving certain figures within the financial statements. Such accounting estimates may not equate with the actual results which will only be known in time. The key areas of estimation are detailed in Note 2.4 of the Group financial statements.

3 Loss attributable to members of the parent company

The loss attributable to the members of the parent company for the year ended 31 December 2016 is $250.4 million (2015: $206.4 million).

4 Staff numbers and costs

(a) Staff costs

Employee costs (including payments to Directors) during the year comprised:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Salaries and wages	20,051	19,778
Social security costs	2,581	2,675
Contributions to pension plans/superannuation funds	771	1,336
Share-based payment expense (Note 31)	2,984	4,594
	26,387	28,383

(b) Key management

The table below sets out the details of the emoluments of the Group's key management including Directors:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Aggregate compensation:		
Salaries and wages	6,728	6,324
Social security costs	834	778
Contributions to pensions/superannuation funds	272	346
Share-based payment (credit)/expense (Note 31)	(924)	1,478
	6,910	8,926

Key management emoluments above excludes aggregate gains made by Directors on the exercise of share options of $206,680 (2015: nil).

(c) Directors' emoluments

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(i) Aggregate compensation:		
Salaries and wages	2,186	2,223
Bonuses	1,737	781
Social security costs	516	392
Contributions to pensions/superannuation funds	139	151
Other benefits	18	18
	4,596	3,565

Directors' emoluments above excludes aggregate gains made by Directors on the exercise of share options of $206,680 (2015: nil).

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(ii) Share-based payment (credit)/expense (Note 31)	(2,628)	449
Number of Directors to whom superannuation or pension benefits accrued during the year	3	2

(d) Average number of persons employed (full time equivalents):

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
CEO	1	1
Exploration and technical	34	144
Commercial and support	51	188
	86	333

5 Share-based compensation

(a) Employee incentive share option plans

Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan. Any employee of the Company or any subsidiary or any Director of the Company or any subsidiary who is required to devote substantially the all of his/her working time to his duties is eligible to participate under the plan. At the grant date the Board of Directors determine the vesting terms, if any, subject to the proviso that no more than one half of the options become exercisable on the first and second anniversaries of the date of grant and any performance conditions are satisfied. Options have an exercise period of 10 years from the date of grant.

Ophir Energy Long Term Incentive Share Option Plan

On 26 May 2011, the Board resolved to establish the Ophir Energy Long Term Incentive Share Option Plan. This was introduced to give awards to Directors and senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three year period. The plan awards a number of shares to Directors and senior management based on a multiple of salary. However, these shares only vest after a three year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy plc 2012 Deferred Share Plan

On 19 June 2012 the Board resolved to establish the Ophir Energy plc Deferred Share Plan 2012 (DSP). The DSP was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant.

The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the trust). The Trust will hold ordinary shares in the Company for the benefit of its employees and former employees, which may then be used on a discretionary basis to settle the DSP Awards as and when they are exercised. No shares have been acquired by the Trust.

Ophir Energy plc Net Asset Value (NAV) Scheme

On 10 May 2016 the Board resolved to establish the Ophir Energy Long-Term value creation plan 2016, effective 1 January 2016 to all Ophir employees participating in the plan. The plan only rewards if the Group delivers long-term growth in Net Asset Value (NAV) per share which is measured based on well-defined NAV events. When an event does take place, 12.5% of the increase in NAV above the prior Benchmark NAV will be used to create a reward pool. NAV events will generally be monetisation events such as farm-outs and asset sales, which have defined values, and the risked value of development assets once a Final Investment Decision (FID) is taken or first production takes place to ensure NAV events are tangible and demonstrably value creating. The impact of commodity prices is factored out of the scheme so that these events are neutral to ensure that the reward pool is not artificially inflated or deflated by the commodity cycle. Similarly, cash distributions, fundraising or capital changes are also factored out of the scheme. When a reward pool is created, it will be distributed with the following features to apply to Executive Directors:

- individual rewards are capped;
- 75% of NAV scheme rewards are delivered as deferred shares that vest after three, four and five years with a requirement for the total number of after tax shares to be retained for a minimum of five years;
- 25% of rewards are delivered in cash; and
- recovery and withholding provisions apply to ensure that only true value creation is the basis of rewards.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding options at the beginning of the year	12,735,270	$0.97/£0.65	8,201,313	$1.39/£0.90
Granted during the year	9,542,214	0.33c/0.25p	6,362,409	0.37c/0.25p
Exercised during the year	(308,753)	0.33c/0.25p	(797,419)	0.37c/0.25p
Expired during the year	(2,683,432)	$0.75/£0.56	(1,031,033)	$0.16/£0.11
Outstanding options at the end of the year	19,285,299	$0.48/£0.36	12,735,270	$0.97/£0.65
Exercisable at end of year	3,043,906	$2.60/£2.11	4,035,068	$2.90/£1.96

The weighted average exercise price of options granted during the year was $0.0033 (2015: $0.0037). The range of exercise prices for options outstanding at the end of the year was $0.0037 to $7.44 (2015: $0.0037 to $8.14) with a remaining exercise period in the range of one to eight years.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo simulation for the Long Term Incentive Plan and a binomial model for the DSP, taking into account the terms and conditions upon which the options were granted. The table below lists the inputs to the model used for the year ended 31 December 2016.

	Long Term Incentive Plan		2013 Deferred Share Plan	
	2016	2015	**2016**	2015
Dividend yield (%)	–	–	–	–
Exercise Price	0.33c/0.25p	0.37c/0.25p	0.33c/0.25p	0.37c/0.25p
Share Volatility (%)	49%	50%	49%	50%
Risk-free interest rate (%)	0.64%	0.5%	0.64%	0.5%
Expected life of option (years)	0–3	0–4	0–3	0–3
Weighted average share price	$0.91/£0.63	$1.05/£0.71	$1.24/£0.86	$2.10/£1.42

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.

(c) Share-based payments to Directors
During the year 2,702,158 (2015: 1,334,506) nil cost options to acquire ordinary shares were granted to Directors under the Ophir Energy Long Term Incentive Plan.

During the year no options were granted to Directors under the Ophir Energy Company 2006 Share Option Plan (2015: nil).

6 Property, plant and equipment

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Office furniture and equipment		
Cost		
Balance at the beginning of the year	8,616	6,414
Additions	814	2,202
Disposals	–	–
Balance at the end of the year	9,430	8,616
Depreciation		
Balance at the beginning of the year	4,590	1,876
Disposals	–	–
Depreciation charge for the year	2,088	2,714
Balance at the end of the year	6,678	4,590
Net book value		
Balance at the beginning of the year	4,026	4,538
Balance at the end of the year	2,752	4,026

7 Investments in subsidiaries

The following table shows the movement in the investment in subsidiaries during the year

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year	**1,760,283**	**978,375**
Additions during the year		
Salamander Energy plc	121,195	593,011
Ophir Holdings & Services (UK) Limited	62,862	–
Ophir Asia Limited	17,574	62,126
Dominion Petroleum Limited	–	6,645
Ophir Asia Services Limited	591	–
Ophir Holdings Limited	–	128,238
Ophir Ventures (Jersey) No. 2 Limited	–	2
Other	1,016,305	9,013
Repayments during the year		
Ophir Holdings Limited	(653,392)	–
Dominion Petroleum Limited	(43,258)	–
Ophir Services Pty Limited	(4,148)	(20,781)
Other	(5,318)	(22,971)
Balance at the end of the year	2,272,694	1,733,658
Foreign exchange translation gains and losses	–	26,625
Allowance for impairment		
Balance at the beginning of the year	(620,759)	(462,555)
Additional allowance	(492,364)	(158,204)
Balance at the end of the year	(1,113,123)	(620,759)
Net book value		
At the beginning of the year	1,139,524	542,445
At the end of the year	1,159,571	1,139,524

Loans to subsidiaries are unsecured, interest free and form part of the Company's investments in subsidiaries. The loans are denominated in US Dollars and have no particular repayment terms. The Company has indicated that it does not intend to demand repayment in the foreseeable future. The allowance for impairment charge primarily relates to unrecoverable intra-group funding.

A complete list of Ophir Energy plc Group companies at 31 December 2016, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements on page 143 to 146. All of these subsidiaries have been consolidated in the Group financial statements on pages 79 to 125.

8 Financial assets

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Non-current		
Security deposits – Rental properties	1,887	2,202
	1,887	2,202

9 Inventory

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Drilling consumables	6,215	6,655

The inventory valuation is stated net of a provision of $0.4 million (2015: nil) to write inventories down to their net realisable value.

10 Trade and other receivables

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Other debtors	711	2,110
Prepayments	1,626	1,253
	2,337	3,363

All debtors are current. There are no receivables that are past due or impaired.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

11 Cash and cash equivalents

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Cash	35,767	35,121
Cash equivalents	229,747	498,509
	265,514	533,630

Cash and cash equivalents comprise cash in hand, deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The fair value of cash and cash equivalents is $265.5 million (2015: $533.6 million).

12 Trade and other payables

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Trade creditors	590	922
Accruals	2,143	5,546
	2,733	6,468

Trade payables are unsecured and are usually paid within 30 days of recognition.

13 Financial instruments

The Company utilises the same financial risk and capital management as the Group. Refer to Note 25 of the Group financial statements for further details.

(a) Credit quality of financial assets

	Equivalent S&P rating[1]			Internally rated	
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2016					
Current financial assets					
Cash and cash equivalents	46,799	218,709	–	6	265,514
Trade and other receivables	–	–	–	23	23
	46,799	218,709	–	29	265,537
Non-current financial assets					
Security deposits	–	–	–	1,887	1,887
	–	–	–	1,887	1,887

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

13 Financial instruments continued

	Equivalent S&P rating[1]		Internally rated		
	A-1 and above $'000	A-2 and above $'000	A-2 and below $'000	Not rated $'000	Total $'000
Year ended 31 December 2015					
Current financial assets					
Cash and cash equivalents	533,623	–	–	7	533,630
Trade and other receivables	–	–	–	3,363	3,363
	533,623	–	–	3,370	536,993
Non-current financial assets					
Security deposits	–	2,202	–	–	2,202
	–	2,202	–	–	2,202

1 The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Credit risk on cash and cash equivalents and short-term investments is managed by limiting the term of deposits to periods of less than twelve months and selecting counterparty financial institutions with reference to long and short-term credit ratings published by Standard & Poor's.

Fair values
The maximum exposure to credit risk is the fair value of security deposits and receivables. Collateral is not held as security.

The carrying amounts of non-current receivables approximate their fair value.

(b) Interest rate risk
As of 31 December 2016, the Company has no external borrowings (2015: nil) so interest rate risk is limited to interest receivable on deposits and bank balances.

The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's cash assets held in short-term cash deposits.

The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate the risk of a fluctuating interest rate. The benchmark rate used for short-term deposits is US LIBOR.

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Financial assets		
Security deposits	1,887	2,202
Cash and cash equivalents	265,514	533,630
Investments	–	–
	267,401	535,832
Financial liabilities		
Loans from subsidiary undertakings	–	–
Net exposure	**267,401**	**535,832**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's loss before tax (through the impact on floating rate deposits and cash equivalent).

Increase/decrease in interest rate	Effect on loss 31 Dec 2016 $'000	Effect on loss 31 Dec 2015 $'000
+0.5%	1,328	2,679
-0.5%	(1,328)	(2,679)

The sensitivity in 2016 was maintained at 0.5% as interest rate volatilities remained similar to those in the prior period.

(c) Foreign currency risk

The Company adopts the same policies to manage foreign currency risk as the Group. Refer to Note 25(d) of the Group financial statements for further details.

As at 31 December 2016, the Company's predominant exposure to foreign exchange rates related to cash and cash equivalents held in Pounds Sterling.

At the statement of financial position date, the Company had the following exposure to GBP, THB, MYR and EUR foreign currency that is not designated in cash flow hedges:

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Financial assets		
Cash and cash equivalents		
EUR	1	1
GBP	7,049	29,088
	7,050	29,089
Security deposits		
GBP	1,887	2,202
	8,937	31,291
Financial liabilities		
Trade and other payables		
AUD	–	(200)
THB	–	(151)
MYR	–	(23)
EUR	(12)	(85)
GBP	(2,051)	(3,851)
	(2,063)	(4,310)
Net exposure	6,874	26,981

The table below demonstrates the sensitivity to reasonable possible changes in currencies against the US Dollar exchange rates with all other variables held constant, of the Company's loss before tax and equity (due to the foreign exchange translation of monetary assets and liabilities).

	Loss before tax higher/(lower)	
	2016 $'000	2015 $'000
US Dollar to GBP Sterling +5% (2015: +5%)	344	1,372
US Dollar to GBP Sterling -5% (2015: -5%)	(344)	(1,372)

13 Financial instruments continued

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations.
- The reasonably possible movement was calculated by taking the US Dollar spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US Dollar into the respective foreign currency with the new spot rate. This methodology reflects the translation methodology undertaken by the Company.

(d) Liquidity risk

The Company has a liquidity risk arising from its ability to fund its liabilities. The Company utilises the same policies to mitigate liquidity risk as the rest of the Group. Refer to Note 25(e) of the Group financial statements for further details.

All of the Company's trade creditors and other payables (refer to Note 12 of these Company financial statements) are payable in less than six months.

The Company did not make use of derivative instruments during the year or during the prior year.

(e) Disclosure of fair values

The carrying value of security deposits and financial liabilities disclosed in the financial statements as at 31 December 2016 approximate their fair value.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Level 1	–	–
Level 2	–	–
Level 3	1,887	2,202
	1,887	2,202

There were no transfers between fair value levels during the year.

14 Share capital

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
(b) Called up, allotted and fully paid ordinary shares of 0.25p each		
In issue at the beginning of the year 746,019,407 ; (2015: 593,810,795)	3,061	2,474
Additions		
Issued on exercise of share options during the year; nil (2015: nil)	–	–
Issued during the period; Nil (2015: 152,208,6121[1])	–	587
In issue at the end of the year; 746,019,407 (2015: 746,019,407)	3,061	3,061

1 152,208,612 ordinary shares were issued in consideration for the acquisition of Salamander Energy plc on 3 March 2015. The market value of the Company's shares on this date was £1.39 ($2.14).

The balances classified as called up; allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each. Fully paid shares carry one vote per share and carry the right to dividends.

15 Treasury shares

Ordinary shares of 0.25p each held by the Group as treasury shares	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year: 40,227,138 (2015: 14,910,114)	155	59
Acquired during the year: nil (2015: 26,114,403)	-	99
Disposed of on exercise of share options during the year: 308,753 (2015: 797,379)	(2)	(3)
Balance at the end of the year; 39,918,385 (2015: 40,227,138)	153	155

Treasury shares represents the cost of shares in the Company purchased in the market and held by the Company partly to satisfy options under the Group's employee incentive share option plans (refer to Note 5 of these Company financial statements). During 2016 nil shares were purchased (2015: $56.1 million).

16 Other reserves

	Share[1] premium $'000	Capital[2] redemption reserve $'000	Option[3] premium reserve $'000	Merger[4] reserve $'000	Equity[5] component on convertible bond $'000	Foreign[6] currency translation reserve $'000	Accum-ulated profits/ (losses) $'000	Total other reserves $'000
As at 1 January 2015	807,427	62	50,214	341,792	669	11,839	400,223	1,612,226
Loss for the period, net of tax	–	–	–	–	–	–	(206,353)	(206,353)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–
Total comprehensive loss, net of tax	–	–	–	–	–	–	(206,353)	(206,353)
New ordinary shares issued to third parties[4]	–	–	–	325,545	–	–	–	325,545
Purchase of own shares	–	98	–	–	–	–	(56,109)	(56,011)
Exercise of options	–	–	–	–	–	–	–	–
Share-based payment	–	–	4,594	–	–	–	–	4,594
Transfers within reserves[4]	–	–	–	–	–	–	–	–
As at 1 January 2016	807,427	160	54,808	667,337	669	11,839	137,761	1,680,001
Profit for the period, net of tax	–	–	–	–	–	–	(250,377)	(250,377)
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income, net of tax	–	–	–	–	–	–	(250,377)	(250,377)
Share-based payment	–	–	2,986	–	–	–	–	2,986
As at 31 December 2016	807,427	160	57,794	667,337	669	11,839	(112,616)	1,432,610

1 The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.
2 The share capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.
3 The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.
4 In 2015 the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613) were applied to the Salamander Energy plc acquisition. The non-statutory premium arising on shares issued by Ophir as consideration has been recognised in the Merger reserve, by virtue of Ophir acquiring in excess of 90% of all classes of the acquiree's issued share capital.
5 This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.
6 The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.

17 Operating lease commitments

At 31 December 2016 the Company was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with the following lease termination dates:

	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000
Due within one year	1,083	1,307
Due later than one year but within five years	4,335	5,216
Due later than five years	2,130	3,867
	7,548	10,390

18 Related party transactions

(a) Identity of related parties

The Company has related party relationships with its subsidiaries and its Directors (refer to Note 4 of these Company financial statements). A complete list of Ophir Energy plc Group companies at 31 December 2016, and the Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these financial statements.

(b) Other transactions with key management personnel

Compensation of key management personnel (including Directors) is disclosed in Note 10(b) of the Group financial statements.

19 Contingent Liabilities

An individual has commenced action against the Group relating to an evaluation of an interest that was held in exploration blocks within the portfolio. Interim hearings in relation to costs of the claim were held on 12 February and 23 February 2015. A trial date has not been set and therefore it is not practicable to state the timing of any payment. The Group has taken the view that the action is without merit and accordingly has estimated that no liability will arise as a result of proceedings and no provision for any liability has been made in these financial statements.

20 Events after reporting period

There are no events after the reporting period that require disclosure by the Company.

Indonesia Market Report
Upstream Section

Prepared for Medco Energi

April 2019

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Introduction

This Industry Market Report covering Indonesia was prepared by Wood Mackenzie for Medco Energi. The information and data presented in this Industry Market Report has been provided by our energy industry consultant, Wood Mackenzie.

Wood Mackenzie has advised that the statistical and graphical information contained herein is drawn from its database and other publicly available sources. In connection therewith, Wood Mackenzie has advised that:

(i) certain information in Wood Mackenzie's database is derived from estimates or subjective judgements;

(ii) the information in the databases of other data collection agencies may differ from the information in Wood Mackenzie's database; and

(iii) while Wood Mackenzie has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

Wood Mackenzie's methodologies for collection of information and data are proprietary, and therefore the information discussed in this report may differ from that of other sources. The information and data presented in this report has not been independently verified and we do not make any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon.

1. Medco upstream overview and peer comparison

Overview

Medco's upstream exploration and production portfolio constitutes assets primarily in Indonesia as well as other interests in the United States of America, Libya, Tunisia, Oman and Yemen. These are summarised in the table below.

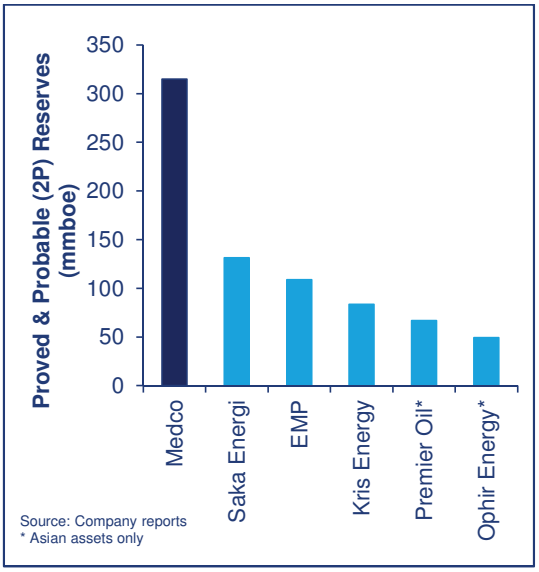
Country	Contract	Type	Interest	Operator/ partner	Stage (Primary hydrocarbons)
Indonesia	Senoro-Toili	PSC-JOB	30.0%	Joint Operator with PT PERTAMINA Hulu Energi	Production (Oil & Gas)
	South Natuna Sea Block B	PSC	40.0%	Operator	Production (Oil, Gas, Condensate & LPG)
	Lematang	PSC	100.0%	Operator	Production (Gas)
	Rimau	PSC	95.0%	Operator	Production (Oil)
	Tarakan	PSC	100.0%	Operator	Production (Oil & Gas)
	South Sumatra Extension	PSC	100.0%	Operator	Production (Oil & Gas)
	Simenggaris	PSC-JOB	62.5%	Joint Operator with PT PERTAMINA Hulu Energi	Development (Gas)
	North Sumatra Block A Aceh	PSC	85.0%	Operator	Development (Gas & Condensate)
	South Sokang	PSC	100.0%	Operator	Exploration
	Bengara	PSC	100.0%	Operator	Exploration
Oman	Karim Small Fields	Service Contract	51.0%	Operator	Production (Oil)
	Block 56	PSC	75.0%	Operator	Exploration
Yemen	Block 9 Malik	PSA	21.25%	Partner	Production (Oil)
	Block 82	PSA	38.25%	Operator	Exploration
Tunisia	Adam Fields	Concession	5.0%	Partner	Production (Oil & Gas)
	Bir Ben Tartar	PSC	100.0%	Operator	Production (Oil & Gas)
	Yasmin	Concession	100.0%	Operator	Pre-development (Oil)
	Cosmos	Concession	80.0%	Operator	Pre-development (Oil & Gas)
	Jenein	PSC	65.0%	Operator	Exploration
	Sud Remada	PSC	100.0%	Operator	Exploration
	Borj El-Khadra	Concession	10.0%	Partner	Exploration
	Hammamet	PSC	54.0%	Operator	Exploration
USA	Blocks 64 & 65, Main Pass, Louisiana	Concession	75.0%	Operator	Production (Oil & Gas)
	Block 316, East Cameron, Louisiana	Concession	100.0%	Operator	Production (Oil & Gas)
	Blocks 317 & 318, East Cameron, Louisiana	Concession	75.0%	Operator	Production (Oil & Gas)
Libya	Area 47	EPSA IV	25.0%	Partner	Development (Oil & Gas)

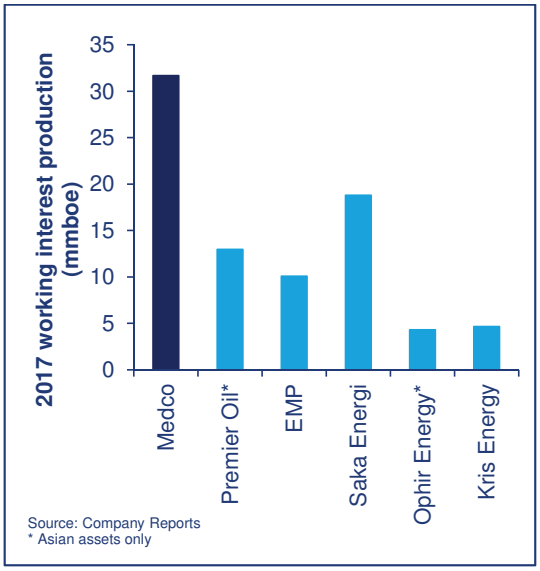
A peer analysis of Medco's contemporaries in the upstream space was undertaken. The selection was confined to independent exploration and production companies with a noteworthy proved & probable (2P) reserve and production footprint in South and Southeast Asia. The companies for the selected peer group are summarised in the following table:

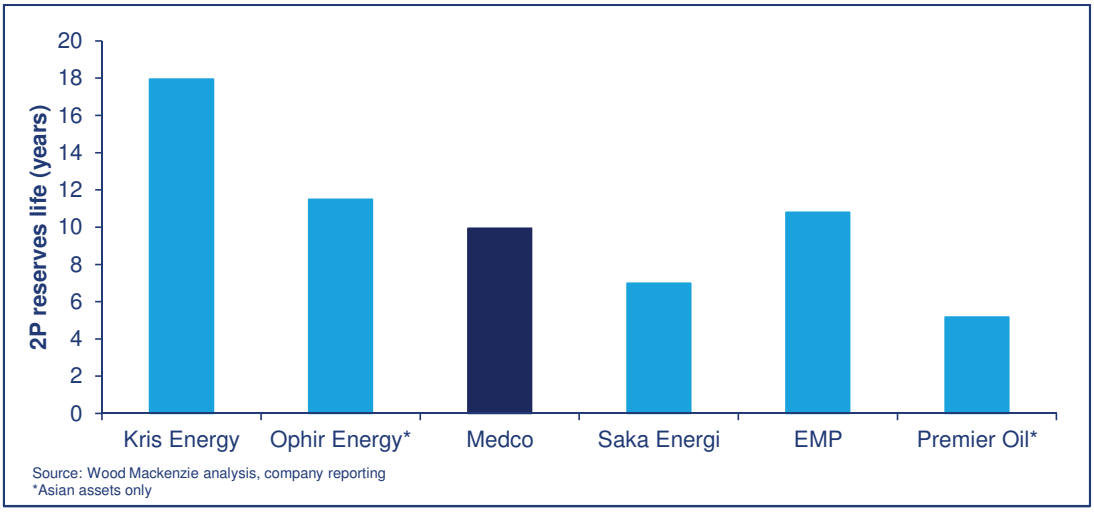
	Company	Headquarters/ Corporate Office	Listing venue	Asia production footprint (per company reports)
1	Medco Energi	Jakarta, Indonesia	Indonesia Stock Exchange	Indonesia
2	Energi Mega Persada	Jakarta, Indonesia	Indonesia Stock Exchange	Indonesia
3	Ophir Energy	London, United Kingdom	London Stock Exchange	Indonesia, Thailand
4	Premier Oil	London, United Kingdom	London Stock Exchange	Indonesia, Vietnam, Pakistan
5	KrisEnergy	Singapore, Singapore	Singapore Exchange	Thailand, Bangladesh, Indonesia
6	Saka Energi	Jakarta, Indonesia	Subsidiary of PT Perusahaan Gas Negara	Indonesia

2017 production, 2017 proved and probable (2P) reserves and resultant 2P reserves life

At the end of 2017, Medco had the highest level of proved and probable Asian reserves amongst its peer group. It also had the highest Asian production amongst its peer group. Medco's resultant reserve life is approximately 10 years, within the peer group range of 5 to 18 years.







1a. Acquisition of Ophir Energy plc: overview and peer comparison

Overview

On 31 December 2018, Medco announced it was in discussions regarding a possible cash offer to be made by Medco for the entire issued and to be issued share capital of Ophir Energy plc. Ophir Energy was founded in 2004 and listed on the London Stock Exchange in 2011. The company's primary assets include exploration, production and LNG interests in Asia, Africa, and North America. In late March 2019, Ophir approved and agreed to the acquisition. As is standard, the completion of the acquisition is subject to regulatory and other conditions being met.

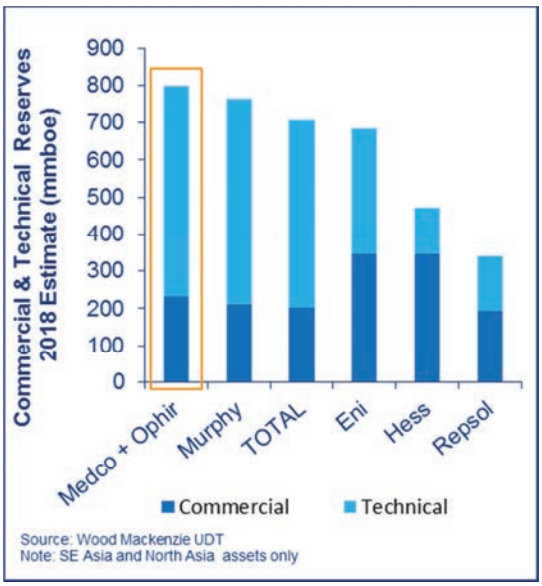
At year-end 2018, Ophir was producing at a rate of approximately 27.5 mboe/d from assets in Indonesia, Thailand and Vietnam. Ophir had reported 49.4 mmboe of 2P reserves at year-end 2017. Additionally, the company made a large acquisition of assets from Santos Limited in 2Q2018 which included producing assets in Thailand and Vietnam as well as exploration assets in Malaysia, Vietnam, and Bangladesh. The acquired assets added approximately 20 mmboe of 2P reserves for a pro forma 2P reserves base of approximately 70 mmboe during 2018. In addition to the producing assets referenced above, Ophir has exploration assets in Laos, Mexico, and Myanmar. The company also has interests related to the Tanzania LNG project in Africa.

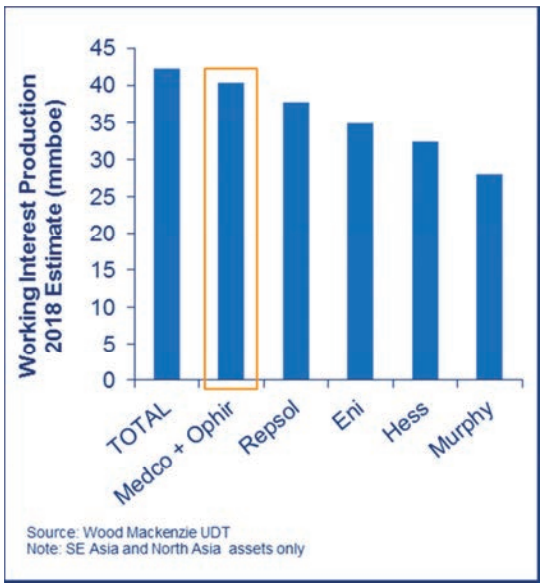
The combined Medco and Ophir portfolios would create a larger player in Southeast Asia and an enhanced global footprint. With regard to these combined portfolios, a speculative peer analysis was undertaken. The selection was made using Wood Mackenzie's Upstream Data Tool (UDT) and confined to independent exploration and production companies with similar reserves in North and Southeast Asia. Estimated commercial and technical reserves from UDT were utilized for this exercise. Commercial reserves from UDT are defined as reserves in production, under development or likely to be developed in the near future. Technical reserves from UDT are defined as discovered volumes of petroleum potentially recoverable by a development project but not currently considered commercial. The companies for the selected peer group are summarised in the following table:

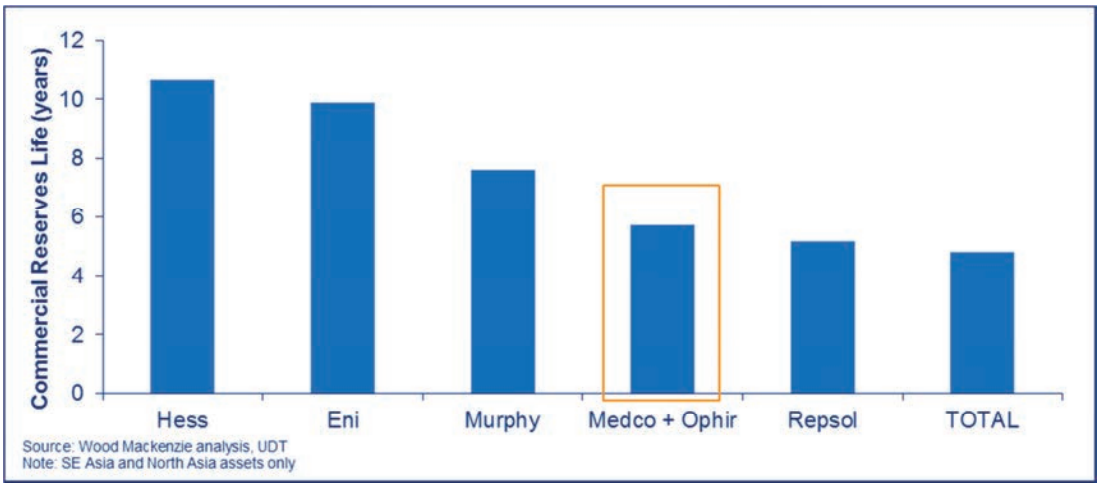
	Company	Headquarters/ Corporate Office	Listing venue	Asia production footprint
1	Medco Energi & Ophir Energy	Jakarta, Indonesia & London, United Kingdom	Indonesia Stock Exchange & London Stock Exchange	Indonesia & Indonesia, Thailand, Vietnam
2	Hess	New York, United States	New York Stock Exchange	Malaysia, Malaysia-Thailand JDA
3	Eni	Rome, Italy	Milan Stock Exchange	Indonesia, China, Pakistan
4	Repsol	Madrid, Spain	Madrid Stock Exchange	Indonesia, Malaysia, Vietnam, Russia
5	Murphy	Arkansas, United States	New York Stock Exchange	Malaysia, Indonesia, Vietnam
6	TOTAL	Courbevoie, France	Euronext Paris Exchange	Brunei, Myanmar, Thailand, Malaysia, Indonesia, Philippines

2018 estimated production, 2018 commercial & technical reserves, and commercial reserves life

At the end of 2018, a combined Medco and Ophir entity would have the highest level of estimated commercial & technical reserves in Asia amongst the selected peer group. It also had the second highest Asian production amongst its peer group. Medco's resultant reserve life is approximately 6 years, within the peer group range of 4 to 11 years.



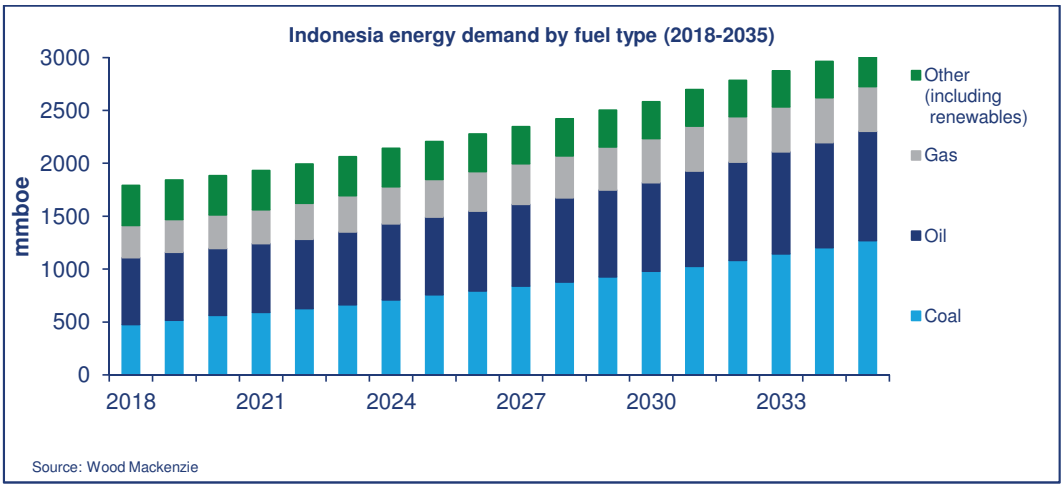




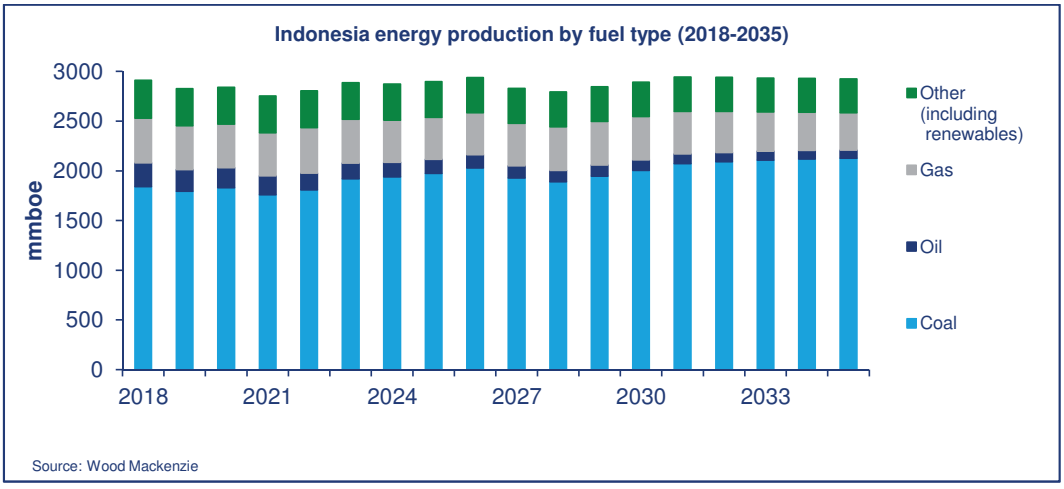
2. Indonesia Oil and Gas Market

Consumption and Production

Indonesia's total primary energy demand is expected to grow at a CAGR of 3.2% from 2018-2035. Of the fossil fuels, coal is expected to grow quickest at a CAGR of 5.9% resulting in increased dominance in the energy mix. Coal's share of the energy mix increases from 27% in 2018 to 41% in 2035. Annual oil and gas consumption is expected to increase from 937 mmboe to 1,458 mmboe, while their combined share of the energy mix falls from 52% in 2018 to 48% in 2035.



Energy production remains steady, with a slight increase at CAGR of 0.03% between 2018-2035. Coal is the only fossil fuel that is expected to have a small increase in production. With a CAGR of 0.9%, coal is expected to reinforce its dominance of the energy production mix from 63% in 2018 to 73% in 2035.



Oil demand

Oil demand growth averaged 3.8% annually in the five years from 2008 to 2013, primarily because of strong transport demand. However, Indonesia's oil demand was flat between 2013 and 2015 as price reforms for gasoline and diesel/gasoil softened transport sector demand. Even with the fall in crude oil prices and the government's downward

adjustment of prices in 2016, retail fuel prices are higher compared with pre-reform levels in 2012. Poor mining sector demand for diesel/gasoil in 2014/2015 has also contributed to a weaker demand outlook.

Looking forward, Indonesia's total product demand is forecast to grow from 1.7 million b/d in 2018 to 2.8 million b/d in 2035, at a CAGR of 2.9%. Transportation demand, in particular road transport demand is a key driver of this growth. Petrochemical feedstock demand also accounts for the increase in demand, with moderate growth expected from the residential and industrial sectors.

Oil production and imports

Indonesia has been a net importer of oil since 2004 despite having exported 7.4% of total oil production in 2016. Indonesian oil production has been in decline since the turn of the decade, as smaller new oil developments have failed to replace the decline in output from mature, legacy fields such as the giant Minas and Duri fields in central Sumatra. With no other new oil developments of significant scale planned, future liquids output will increasingly rely on investment in existing fields.

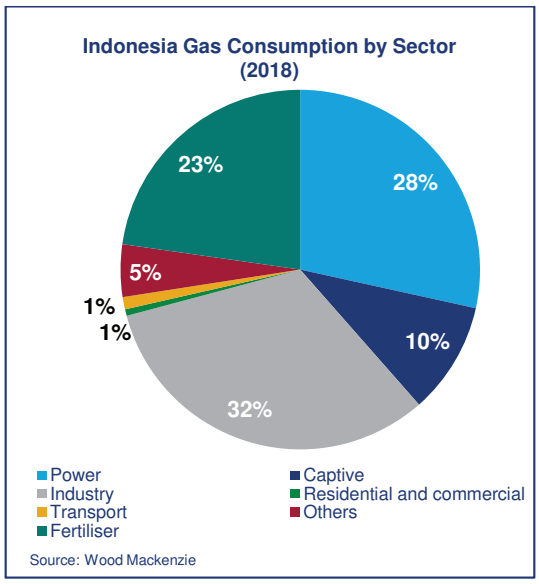
Significant efforts have been undertaken by many operators over the last two decades to add reserves in existing Indonesian fields. Large enhanced oil recovery projects such as the Duri steamflood have had substantial impact (several hundred million barrels) on increasing the level of recoverable reserves from mature producing fields. With the progress of technology, there is potential for further increases in recovery from a number of important producing areas, especially onshore Sumatra. One example comes from a polymer-flooding project which is being trialled on the giant Minas fields.

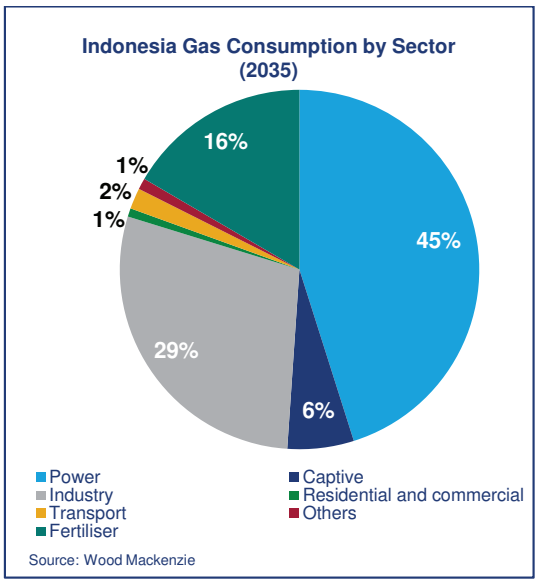
Further development of Pertamina's fields, especially in Sumatra and Java provides significant potential for reserves growth, albeit relatively unquantifiable. Pertamina has historically been constrained in terms of capital and access to technology and there is a perception that many of its operated concession areas remain under-exploited. The company is now seeking to engage international companies to assist in the exploration and development of a number of its producing areas. Should these efforts be successful, there could be an appreciable impact on Indonesian production in the period post-2020.

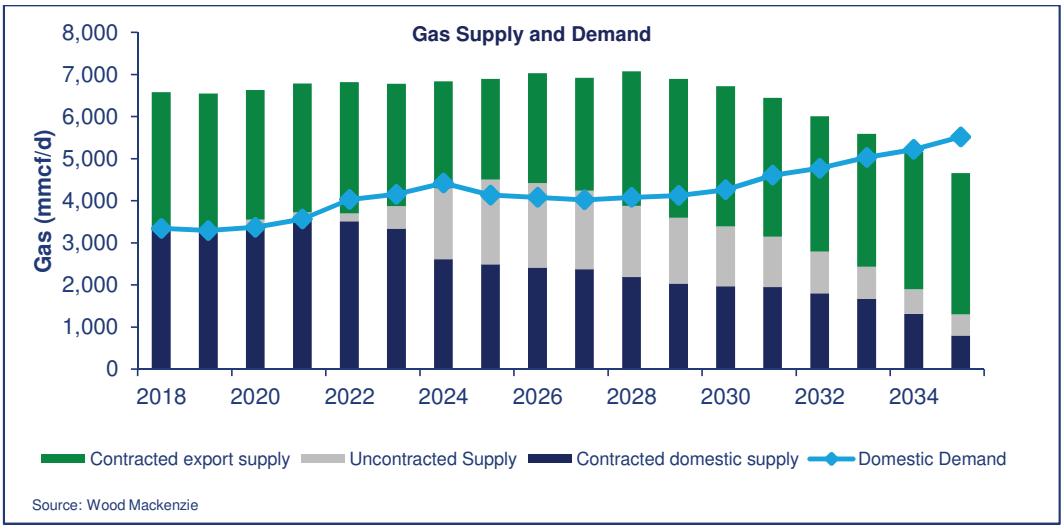
Gas demand

Indonesia's gas market will continue to expand to support the growing economy. We expect the country's gas demand to increase by approximately 0.8 bcf/d between 2018 and 2028, corresponding to a CAGR of 2.1%; as piped gas production declines, share of LNG will grow strongly. In the longer-term, we expect gas demand to accelerate and increase by approximately 2.3 bcf/d between 2028 and 2038, corresponding to a CAGR of 4.5%.

Demand from the industrial sector is expected to grow at a CAGR of 2.3% between 2018 and 2035. Industrial and manufacturing plants and fertiliser production facilities provide the bulk of gas demand from the non-power sector. Further upside could potentially come from the new smelter, refinery and petrochemical projects across the country. The mineral ore export ban will see the development of new domestic smelters and processing facilities. New refineries and petrochemical plants could create additional gas demand, although most of the proposals remain speculative at the moment.

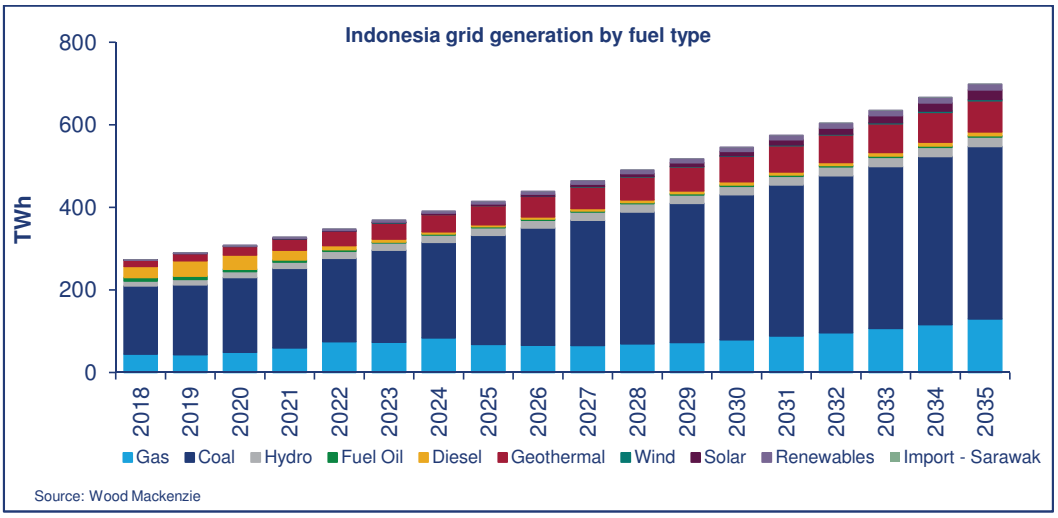




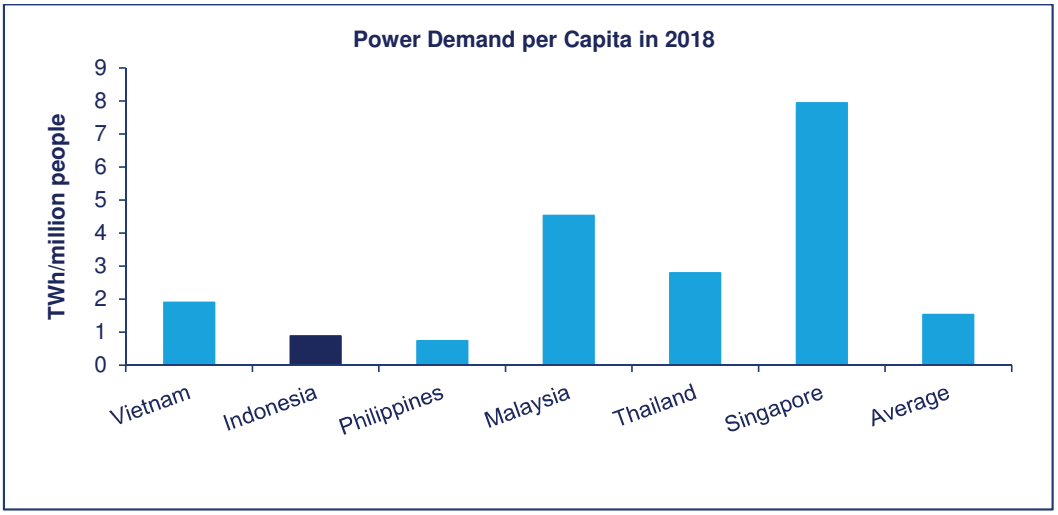


Power demand

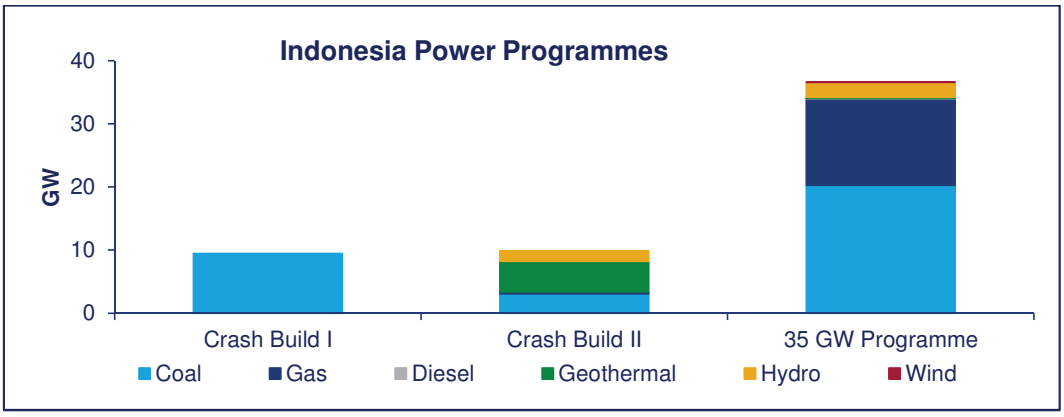
Total power demand is expected to grow at a CAGR of 3.2% between 2018 and 2035. While we expect gas demand from the power sector to grow robustly from 2018 to 2022, demand will soften between 2023 and 2025 due to new coal capacity additions in Java and Sumatra. Thereafter, we expect gas demand growth from the power sector to resume after 2025.



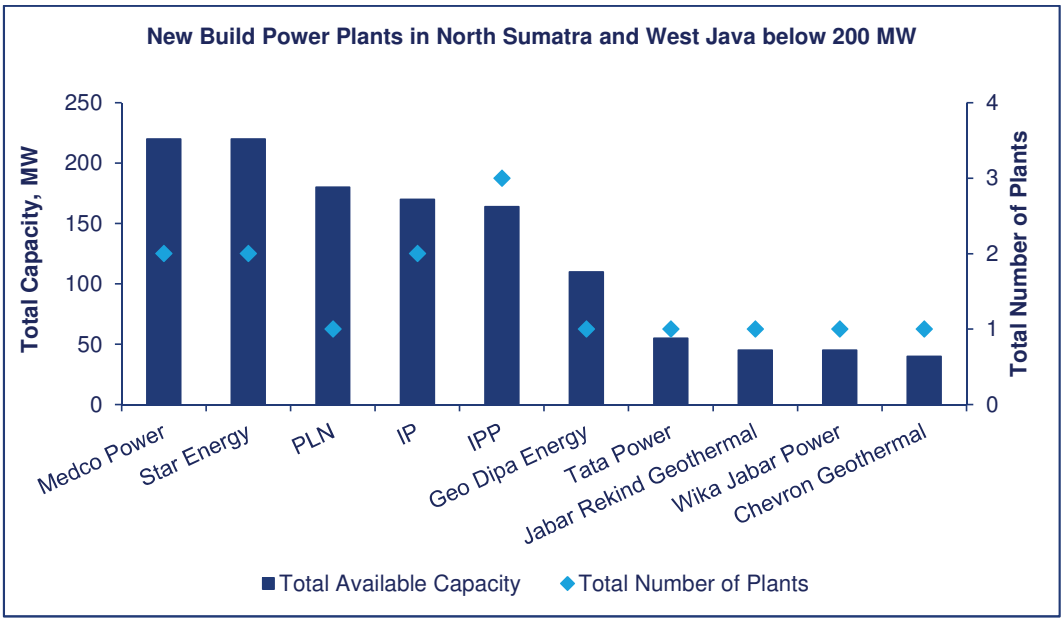
As shown in the figure below, Indonesia has one the lowest levels of power demand per capita in South East Asia at 0.89 TWh/million people. Programme Indonesia Terang (PIT) was launched in March 2016 and aims to develop more renewable energy power plants in rural areas, mostly located in East Indonesia and increase the overall national electrification rate.



Gas demand for power is influenced by the 35 GW Programme. This programme was sanctioned by the government in January 2015 to supplement previous Crash Build Programmes (Crash Build I & II). Under the 35 GW programme, 15 GW will be offered to PLN and 20 GW offered to IPPs. The Electricity Business Plan (RUPTL) published in 2017 addresses a reduction in the portion of coal generation in 2025; PLN seeks to reduce the share of coal from 60% in 2017 to 50% by 2025. The share of renewable energy will be increased to 25% within the same period. Coal currently contributes approximately 63% of total power generation capacity in Indonesia, and is expected to increase to approximately 73% by 2035 corresponding to a 0.9% CAGR in terms of volume. The 35 GW programme includes plans to build 10 GW of CCGTs by 2019. With the new Geothermal Law and increased PPA ceiling prices, the contribution of geothermal power to the mix is likely to increase, particularly from 2020 onwards. In March 2018, PLN published the 2018-2027 RUPTL which lowered the additional capacity by 22GW from 78GW to 56GW. Additionally a few coal fired projects such as the Cirebon ST and Indramayu ST plants have been postponed until further notice. In the new capacity mix, coal is reduced by 5 GW, gas by 10 GW and renewables by 6.7 GW. Coal power plants continue to dominate the electricity supply by 2025 at 54.4% followed by renewables at 23%, gas at 22.2% and diesel at 0.4%. The increased share of coal in the fuel mix in the current RUPTL despite the earlier aspiration to reduce the share to 50% reflects the limited progress by PLN on developing renewables and gas power projects.



Medco Power is a key player in the Indonesia power market. In North Sumatra and West Java (in terms of new build plants with a capacity below 200 MW) Medco Power is associated with one of the greatest number of power plants and total available capacity, as shown in the figure below. Star Energy has an equivalent total new build capacity of 220 MW from the purchase of Chevron's geothermal assets which are expected to come online in 2025.



Gas production

Overall gas production remains flat in the near term from 2018-2023 averaging approximately 6.5 bcf/d. Recent developments, particularly in Central/East Java and Sulawesi, could add some upside, but this is offset by a continuous decline in the existing gas production in West Java, East Kalimantan, and Central/South Sumatra to a lesser extent.

We anticipate further delays on key LNG supply projects. Apart from Donggi Senoro LNG, (commenced operating in August 2015) and Muara Bakau PSC (commenced operations in May 2017), new LNG volumes could come from Sengkang in 2019, and Tangguh Train 3 in 2021. However, other large-scale LNG projects are becoming increasingly uncertain. Further delays on the IDD (and PSC extension requirements) and Abadi LNG projects are very likely, amid depressed oil prices and regulatory uncertainties following the Indonesian government's decision to scrap the Floating LNG (FLNG) concept for Abadi, preferring an onshore liquefaction facility instead.

Coalbed methane (CBM) development in Indonesia has slowed down with no blocks being awarded in 2013-2015; while only eight blocks were awarded in 2012. In total, there are 54 CBM blocks across Indonesia, of which 31 are located in Kalimantan and the rest in Sumatra. Many of the blocks are inactive without any meaningful development. ExxonMobil and BP have divested their interests in Kalimantan signalling a slowdown in this sector and we are likely to see smaller companies push ahead with small projects on their own. We estimate very limited production below 10 mmcfd in the near term.

Currently contracted production from Indonesia is nearly equally split between the domestic market and exports, at a ratio of 55:45. A decline in exports' share of supply is set to continue, as the domestic market grows and new supply struggles to adequately replace falling production.

Indicative crude oil and natural gas pricing

Liquids Pricing

Indonesia previously calculated its monthly crude prices using the average of Platts and RIM's price assessments. Since July 2016, it has switched its crude pricing formula to Dated Brent plus Alpha. Alpha is calculated by taking into consideration several factors, including the quality of the Indonesian crude, the production volume, and price trend on the international market. The use of Dated Brent as a price benchmark facilitates a more independent price assessment, allowing the crude price to trend closer to market conditions, and reduces the possibility of price manipulation.

Natural Gas Pricing

Gas exported as LNG is usually priced on a cost, insurance and freight (CIF) basis or free on board (FOB) basis. The gas price for each individual LNG contract is different. However, they are intrinsically indexed to average export crude prices excluding the premium crudes. Although the majority is sold on long-term contracts, a spot market has evolved.

Prices for gas exported to Malaysia and Singapore are linked to high sulphur fuel oil prices as quoted on the Singapore market.

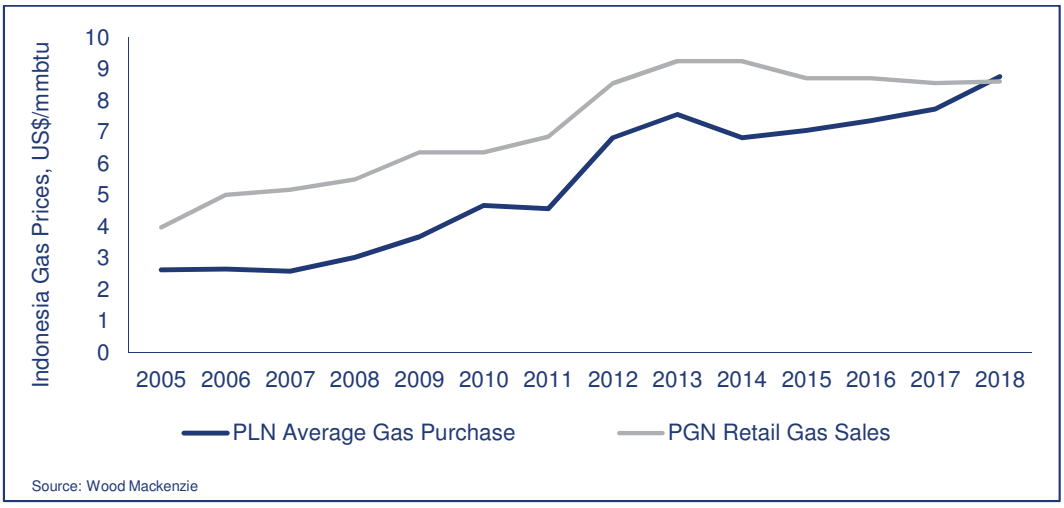
Domestic gas has historically realised lower value with prices fixed (i.e. flat in nominal terms) for the duration of the contract. However, more recent gas sales contracts incorporate linkages to the Indonesian Crude Price and/or other escalation components, such as ammonia prices. In 2018, industry gas prices for contracts supplying to Java and Sumatra have been recording prices in the range of USD4 to USD10 per mmbtu and power gas prices for contracts have been recording prices in the range of USD3 to USD12 per mmbtu

Supplier	Buyer	Region	Contract Start Year	Contract End Year	Gas Price (USD/mmbtu) in 2018
Cepu	Petrokimia Gresik (fertiliser)	Java	2020	2035	7.84
Muriah	PLN (Tambak Lorok)	Central & East Java	2016	2025	7.63
Ketapang	PGN	Java	2015	2021	6.01
Madura Strait	Inti Alasindo, Parna Raya, and PGN	Java	2015	2026	7.00
Madura Strait	PGN	Java	2015	2030	7.00
Gundih	PLN (Tambak Lorok)	Central & East Java	2014	2028	8.00
PERTAMINA South Sumatra	PUSRI (fertiliser)	Sumatra	2013	2020	7.10
Kangean	Petrokimia Gresik (fertiliser)	Java	2012	2022	6.00
Brantas	BUMD Gresik	Java	2012	2018	6.03
South East Sumatra	PLN (Cilegon)	Sumatra	2006	2018	5.15

Gas prices in Indonesia are negotiated on a bilateral basis between the producers and the gas aggregators or end-users. However, contracts are subject to approval from SKKMIGAS, which have sought to keep prices low.

In 2012, a number of gas contracts were renegotiated with approval from the regulator. This led to a doubling of pipeline gas prices from around USD2-3/mmbtu to USD5-6/mmbtu. For new gas production, operators are able to achieve prices in the range of USD6-8/mmbtu.

Gas prices have continued to increase further. We have seen an upward trend in the prices of more recent gas contracts. The Gundih-Tambak Lorok contract was renegotiated in 2012 at USD7.4/mmbtu with 2% annual escalation.



Source: Wood Mackenzie

As a result, consumer prices have also increased. PGN raised its selling prices from USD6.9/mmbtu to USD9.2/mmbtu in West Java after securing the government's approval. This took place in two phases, in September 2012 and April 2013. Higher costs for the more recent development are understood to be the key driver behind the price increase. However, piped gas price increases will not continue indefinitely because prices of competing fuels such as LNG, coal and oil products will set the ceiling.

The fertiliser sector has also seen a marked increase in prices. In 2018, price of natural gas to fertilisers ranged between USD 6.0/mmbtu for Petrokimia in East Java to USD7.15/mmbtu for Pupuk Kujang in West Java.

Although the government has allowed gas prices to rise in the power, fertiliser and industrial sectors, small consumers in the transport sector are protected to promote the NGV growth. Gas sold to the transport sector through PERTAMINA is capped at USD4.72/mmbtu. Gas prices for city gas residential users are set at USD9-15/mmbtu depending on the consumption size.

In November 2016, MEMR released regulation no 40/2016, to implement Presidential Regulation no. 40/2016 the reference gas prices for industrial buyers. Under this MEMR regulation, gas prices for three key sectors - fertiliser, petrochemical and steel - are set at US$6/mmbtu. The measure was made partly to promote the development of new fertiliser and petrochemical projects across the country. Currently, the price reduction only applies to targeted industrial consumers: fertiliser, petrochemical, oleochemical, steel, ceramics, glass and rubber gloves manufacturers. The government is in the process of implementing the changes, and seeks to maintain the revenues for upstream operators by reducing the government take from the impacted PSCs.

In January 2017, another gas price measure was announced, for the power sector. Under MEMR Regulation no 11/2017, gas prices for wellhead power generation were capped at 8% Indonesian crude price (ICP). Higher prices are allowed if an open bidding mechanism is used. For non-wellhead power plant projects, the price cap was 11.5% ICP at the power plant gate for piped gas and 11.5% ICP on an FOB basis for domestic LNG. The regulation also allowed PLN and independent power producers (IPPs) to import LNG from the international market if they can't secure domestic LNG below 11.5% ICP on an FOB basis. With the issuance of this regulation, the government started to open up the LNG import scheme for PLN and IPPs.

In July 2017, MEMR issued ministerial regulation no 45/2017, superseding regulation no 11/2017 on gas and LNG price caps for PLN and IPPs. Under the new regulation, the price ceiling for PLN and IPPs was raised from 11.5% ICP (Indonesian Crude Price) to 14.5% ICP. However, the reference point for LNG was also changed to the power plant gate. The revised regulation benefits piped gas producers and has helped resolving the deadlock caused by the former regulation. The previous price cap of 11.5% ICP, which equated to US$5.6/mmbtu in 2017, was below the breakeven cost of most upstream gas projects. This had caused several deadlocks, preventing new GSAs from being signed. We understand the recent revision was partly done to allow the new GSAs to progress.

For LNG producers however, the seemingly higher price benchmark may not bring any benefits. The reference point was changed at the same time, from the loading port to the power plant gate. The new price reference includes regas costs (which are in the range of US$ 1.7-3.4/mmbtu) as well as pipeline tariffs. After netting off the midstream infrastructure and shipping costs, the respective LNG price at the loading port on an FOB basis will remain relatively the same at 11.5% ICP at most.

Wood Mackenzie's long term assumption is that the ICP trades at a 3% discount to Brent.

Domestic market obligation (“DMO”)

As stipulated under Article 46 of GR 55/2009 and Article 1 of MEMR Regulation 2/2008, upstream operators are required to provide 25% of production to fulfil domestic needs.

Law 22/2001 and Government Regulation 35/2004 reiterated the obligation of upstream contractors to meet domestic market demand. The law and regulation were significant in that they introduced a domestic market obligation for gas, in addition to oil.

MIGAS provided a clarification for blocks on offer post-2008. Gas DMO will be calculated as 25% of the contractor's share of profit gas. Once a commercial discovery has been made, SKKMIGAS has one year in which to find a suitable buyer for the gas. If a suitable buyer is not identified or if commercial negotiations between the contractor and the identified buyer fail, the contractor can seek permission from the government to export the gas to the international market. It is understood that this time restriction is not followed.

In September 2018, MEMR issued ministerial regulation no 42/2018 which prioritizes domestic crude production over imported crude oil. The regulation effectively requires PSC contractors to first offer their domestic crude and condensate production to Pertamina or domestic refineries. The regulation is a reflection of the government's efforts to reduce

imports of foreign oil to curtail a worsening current account deficit. PSC contractors have expressed concerns over limitations to their ability to freely export crude oil production. The regulation did not include details of how the regulation would be implemented or enforced.

DMO Pricing - liquids

For pre-August 1988 contracts, DMO production is reimbursed at a fee of USD0.20/bbl. For contracts signed between 1988 and 1992, DMO production is reimbursed at 10% of the prevailing export price and a five-year DMO holiday became applicable. This is increased to 15% for contracts signed in 1992-1993 and to 25% for contracts signed effective 1994. Fields developed prior to 1977 did not benefit from the five-year DMO holiday.

Under the gross split PSC terms, introduced in January 2017, DMO will be reimbursed at a full market price.

DMO Pricing - gas

There is no specific formula for DMO gas prices, pricing will be determined as in normal sales negotiations.

Regulation and upstream fiscal regime

Regulatory Environment

Indonesia's oil and gas sector is governed by Law 22/2001, which replaced the previous Laws 44/1960 and 8/1971. Prior to 2001, PERTAMINA was responsible for all petroleum activities in the country. Laws 22/2001, 42/2002 and 31/2003 removed PERTAMINA's regulatory functions and transformed the company in to a limited liability company PERTAMINA (Persero), under the jurisdiction of the Minister of State Enterprises. PERTAMINA is engaged in exploration and production, oil and gas refining and processing, and the marketing and distribution of refined products.

BPMIGAS was established to replace PERTAMINA’s upstream regulatory functions, to supervise upstream business activities to maximise benefit and revenue to the state. On behalf of the government, BPMIGAS acts as a party to Production Sharing Contracts. BPMIGAS' responsibility includes assessment and presentation for ministerial approval of new field development plans, approval of development plans for fields already in production, approval of annual work programmes and budgets, monitoring and ministerial reporting on the implementation of cooperation contracts and responsibility for the appointment of sellers for the state's share of oil and gas. BPMIGAS was ruled unconstitutional by Indonesia's Constitutional Court in November 2012.

A separate entity, BPHMIGAS, was established as the downstream regulatory and supervisory body.

MEMR has overall responsibility for the implementation of government policy in the energy sector. It incorporates the Directorate General of Oil and Gas (MIGAS), which supervises and promotes the optimal utilisation of the oil and gas resources of Indonesia to maximise the benefit for the people and Government of Indonesia. The exploration bid rounds, issuance and relinquishment of blocks fall under MIGAS' direct responsibility.

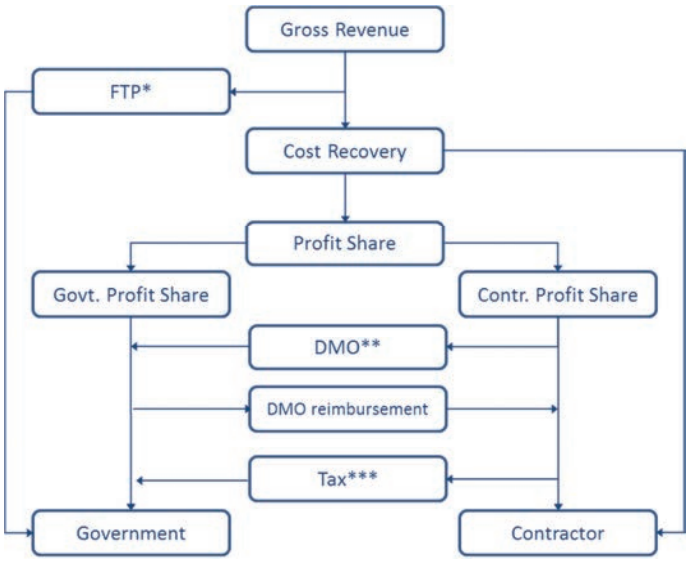
SKKMIGAS effectively replaced the functions of BPMIGAS, which was ruled as unconstitutional by Indonesia's Constitutional Court in November 2012. Since then, a revision of the Oil and Gas Law has been discussed by lawmakers, to clarify the role of SKKMIGAS and prevent future legal challenges. However, there is no clear timeline for the revision to be finalised.

There also have been proposals by the government to create a single holding company for select industrial sectors. For the oil and gas sector, the proposal is to merge all related state-owned enterprises – including PERTAMINA and PGN – under a holding company. It is unclear how this proposal will affect the ongoing discussion of the Oil and Gas Law revision.

Fiscal Regime

The fiscal system in Indonesia is governed by the Production Sharing Contract (PSC) regime. Royalty, in the form of First Tranche Petroleum (FTP) is paid on production and the standard rate of corporate income tax is applied to profits. There have been different vintages of PSC models, the difference being in the rate or method of calculation of items such as bonuses, cost recovery ceiling, FTP, profit sharing split, depreciation, investment credit and income taxes.

It should be noted that in some contracts additional incentives have been negotiated. In addition, PSCs awarded in licensing rounds post-2003 have incorporated contract-specific levels of FTP, investment credit and profit oil/gas splits.



**: FTP may be divided between the contractor and the government, based on the contract.*

***: The contractor is required to supply a percentage of oil production to the domestic market, multiplied by its pre-tax profit oil/gas entitlement percentage, capped at the amount of its combined share of FTP and profit share. The contractor receives a discounted price for those volumes.*

****: A withholding tax rate of 20% is applied on the balance after income tax has been charged.*

Gross PSC

In January 2017 the MEMR introduced the Gross PSC terms through decree 8/2017. The Gross PSC removes the cost recovery mechanism, and the government and contractors split gross revenues. Upstream operations will continue to be supervised and managed by SKKMIGAS, but the new terms promise the operators a greater degree of freedom in managing the budget, costs and asset operations. The new terms will be applied to future licence awards and contract extensions. Contractors may also choose to adopt the new terms for existing PSCs. An amendment in August 2017 took into account feedback from key oil and gas industry stakeholders (independent petroleum economists, Indonesian Petroleum Upstream Association and international oil companies). These new changes included adjusting splits to make the model more attractive for investors.

The government's base share of revenues will be 57% for oil production and 52% for gas production. The contractors' share of revenues can be increased, depending on field complexity. For example, a deepwater or an unconventional field will see the contractor's share of gross revenues increase by 16%. The prevailing rules for taxation are understood to apply. DMO oil will receive full market price.

	Standard PSC (2015 licensing round)	Gross PSC
First tranche petroleum (FTP)	FTP based on gross production, shared between government and contractor based on profit share percentage	No FTP applicable
Cost recovery	Capital and operating costs recovered from production after FTP	No cost recovery
Production sharing	Remaining production after cost recovery is shared based on flat percentage	Gross production shared between government and contractor based on gross production share percentage
Oil domestic market obligation (DMO) price	DMO is set at 25% of market price	DMO is set at market price
Income Tax	25% income tax plus 20% withholding tax (40% effective tax rate)	Not specified

A number of aspects of the gross split PSC terms will have to be clarified by further regulatory changes, particularly on procurement without cost recovery and taxation. The fiscal term's standing in relation to the pending revision of the Oil and Gas Law is also uncertain.

State Participation

Under older PSCs, upon first commercial discovery, a 10% participating interest is reserved for a government-designated Indonesian company, the shareholders of which shall be Indonesian Nationals.

Under the conditions of Government Regulation 35/2004, Indonesian companies are given preferential rights to acquire stakes in upstream contracts in new PSCs signed after October 2004. The regulation provides outlines of these rights under two cases:

- When a company seeks to transfer an interest in a contract area to a party other than an affiliated or existing joint venture company, the Minister of Energy and Mineral Resources may request that the stake be first offered to a national company – defined as registered in Indonesia and wholly owned by Indonesian citizens.
- When a field development plan is approved for the first field to be developed within a contract area, it is required that a participating interest of 10% in the contract area is offered to a company owned by the regional government. The signing of the Cepu contract in September 2005 provided an example of this regulation.

In November 2016, the MEMR issued a regulation 37/2016 on the offering of 10% participating interest in upstream projects to regional government owned enterprises. The regulation sets a number of key changes from the previous Government Regulation 35/2004:

- Contractors are required to offer a 10% participating interest to regional governments upon approval of the first plan of development in a contract area, or during the process of PSC extension. It is understood that this does not apply to extensions of exploration periods within a PSC.
- The allocation of the 10% participating interest between the provincial and district governments is based on the location of the reserves. The regulation does not include provision for subsequent change of the allocation, if there are additional discoveries made on the contract area.
- The Contractor is required to carry the regional government's costs, including historic exploration costs, through to the end of the PSC. Interest on the carried costs is not allowed.
- Following production, the Contractor is required to maintain positive cash flow for the regional government's stake.
- If the regional governments reject the 10% participating interest offer, the Contractor is required to offer 10% participating interest to a State-Owned Company (SOE). However, the Contractor is not required to carry the SOE's costs.

Local Content

Since 2009, Indonesia has set a minimum requirement of 35% for energy projects to source a proportion of their components from local manufacturers. Over the years, tighter regulations have emerged and with Regulation No. 15/2013, local content requirements were increased across the board for all oil and gas activities. The government has set a targeted year for the implementation of this requirement for various services (bulleted list below), recognising the fact that it will take some time before local industries are ready to produce services or equipment required.

- Shipping services 75%, implementation post 2013
- Drilling 70% (onshore), 45% (offshore). Implementation post 2016
- Offshore EPCI 45%. Implementation post 2016
- Seismic, surveys and geological studies 90% (onshore), 35% (offshore). Implementation post 2020
- Other services 75%, implementation post 2020

Although how upstream procurement will be conducted under the new gross split terms is still unclear, the gross split terms provides incremental split for local content higher than 30%. The incremental split for local content is capped at 4%, applied for projects that achieve a local content of 70% or higher.

Abandonment

Early PSCs did not explicitly include provisions for decommissioning. Starting from 1995, PSC terms include site restoration among the PSC contractor's responsibilities, although the terms do not state that the contractor must make provision for an abandonment fund.

Contracts signed from 2008 onwards require contractors to set aside funds allocated for decommissioning, referred to as Abandonment and Site Restoration (ASR) funds, for each Plan of Development (POD). In 2010, SKKMIGAS issued PTK 40/2010, containing further details on ASR funds. Cost estimates for decommissioning activities are included as part of the POD approval process, and may be reviewed periodically.

The funds set aside are put into an escrow account, and then the amounts are used to generate an abandonment charge to the cost recovery pool, which are recovered in the same manner as operating expenses. Any interest earned gained by the account shall be treated as part of the fund. Upon PSC expiry, the contractor shall be responsible for execution of the decommissioning activities, unless the government appoints a third-party. The contractors will pay for the actual decommissioning, and the government will access the ASR funds to reimburse the contractor after the decommissioning has been completed. The contractors shall be liable for any deficit of funds, and any surplus belongs to the Indonesian government.

Several key issues remain uncertain, particularly on the criteria for the removal, reuse, or disposal of structures, and the extent of site restoration and post-decommissioning liability. The MEMR decree 01/2011 provides a technical guideline on offshore structure removal. Although it acknowledges partial removal, it lacks details on qualification criteria and does not include provisions for reefing.

3a. Overview of Indonesia's Oil & Gas Industry

Overview – key areas of interest to E&P Companies

Indonesia is South-East Asia's largest oil and gas producer, and also has the highest remaining commercial reserves, estimated at 6.98 billion boe at year-end 2018. Indonesia's growing economy is driving higher domestic demand for energy, but oil production is declining, and several major gas developments are facing project delays.

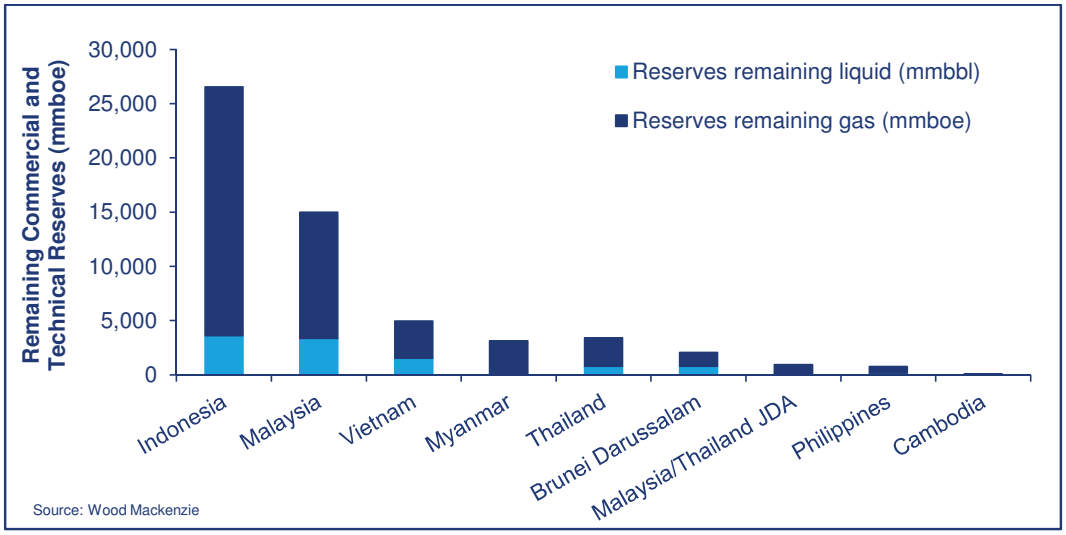
The majority of oil and gas production is sourced from the well-explored basins of Sumatra, Java and East Kalimantan. Given the maturity of the core producing areas within these regions, the country must increasingly rely on the development of smaller and more challenging fields like Natuna D Alpha and Abadi to meet its requirements.

Exploration and development activity has been negatively impacted by regulatory and fiscal uncertainty, with the 2012 dissolution of BPMIGAS and recent series of negative regulations. The Indonesian government has proposed incentives and revised some of the negative regulations, in hopes of increasing exploration activity and reversing the production decline. The recent introduction of the Gross Split PSC outlined in the previous section is also seen by the Indonesian government as providing a positive stimulus for foreign investment and development.

Exploration in Indonesia has underperformed over the last decade, and a lack of major success has contributed to a lack of significant development projects on the horizon. While exploration potential remains in Indonesia's more remote and frontier basins, attracting continued investment will be vital if Indonesia is to maximise the recovery of its remaining oil and gas resources.

O&G reserves/resources

Indonesia has 26.5 bn boe of remaining oil and gas reserves (commercial and technical), the largest amongst its South-East Asian neighbours. Natural gas accounts for a significant portion (86%) of Indonesia's petroleum reserves, and continues to be a primary energy source for Indonesia.



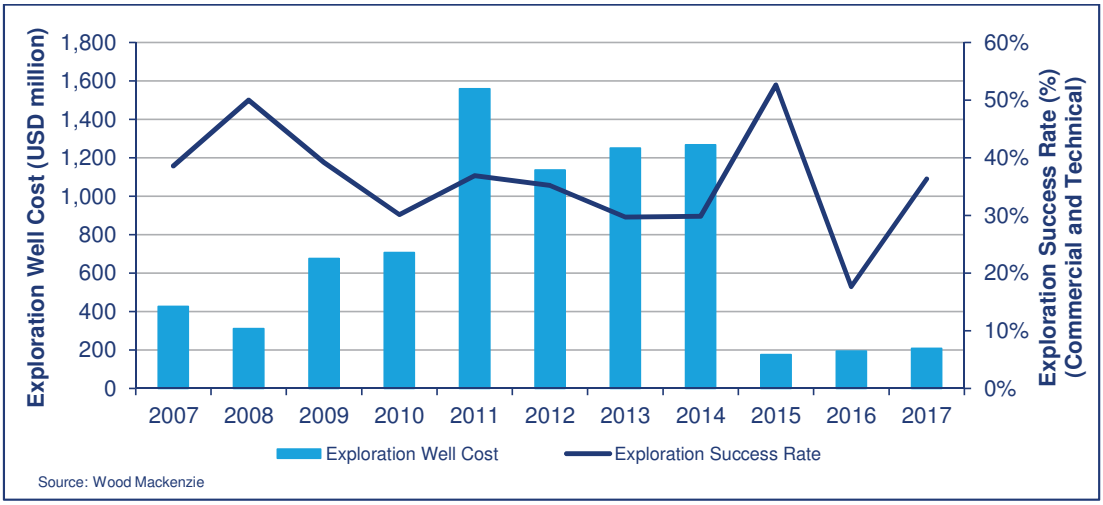
O&G exploration and production

Indonesia Exploration & Appraisal

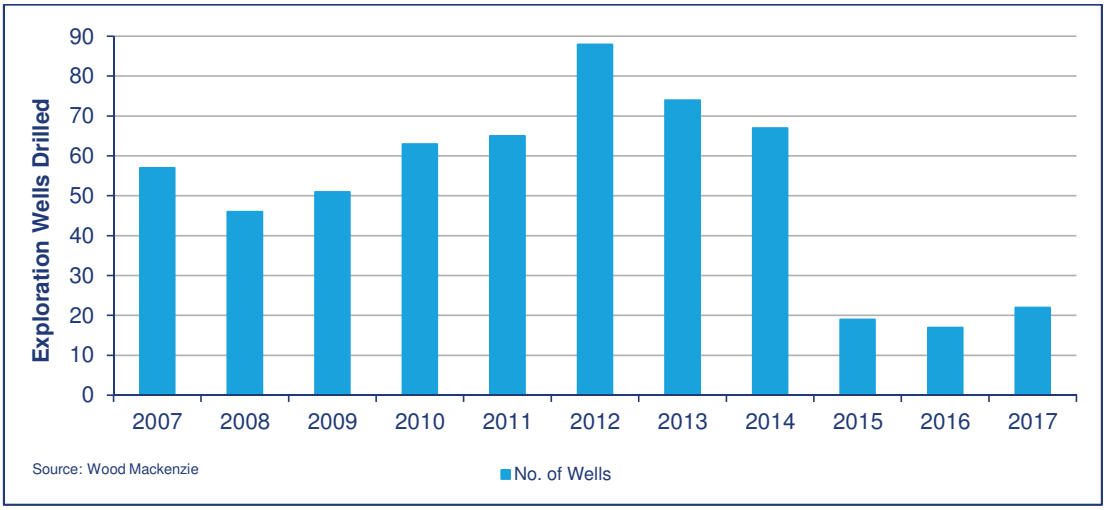
There are more than 300 active licences in Indonesia. The government has offered one or two licensing rounds annually since 2000 with varying levels of interest. The amount of active acreage has been boosted by the high levels of unconventional licence awards in recent years, particularly in 2011 when major tranches of CBM acreage were awarded in the Barito and Kutei basins. CBM acreage awards in Sumatra and several new onshore awards in mature basins has ensured that the Java, Sumatra and Natuna regions still account for 58% of the active contract. Trending with oil price movements, Indonesia licensing rounds attracted high levels of interest during the 2011 and 2012 period, when Brent was approaching and exceeding US$100/bbl. However, from 2013 onwards, interest in Indonesia licensing rounds

decreased significantly. Only six conventional blocks were awarded in 2013 and 2014, and none were awarded in 2015. The situation has been exacerbated by the recent departure of IOCs. The 2016 conventional licensing round was announced in July 2016, with seven blocks under regular tender and seven blocks through direct offer.

Between 2007 and 2014, Indonesia exploration well cost spend has seen a steady increase, with an average of 51 wells per year during this period. Exploration activity saw a dramatic decrease with the oil price crash in Q4 2014. The majority of spend has been focussed on the Kutei basin which has had above-average technical success. Drilling has continued to focus on the traditional producing basins of Sumatra, Java and East Kalimantan, but in recent years, activity has begun to test the deeper waters and underexplored basins of Eastern Indonesia. Unfortunately, wildcat exploration in Indonesia's frontier basins has initially proved disappointing, with a number of operators re-evaluating their exploration plans. North America-based companies including Anadarko, Marathon, Murphy and Hess, have exited Indonesia as the country is viewed as high risk frontier region compared to the unconventional shale resources in the US, part of a common retrenchment strategy across International large cap E&Ps. Most recently, however, near-field exploration in lower-risk traditional basins like East Java and South Sumatra with quick monetisation opportunities have taken priority. Only the most promising prospects have been drilled, as a result, an uptick in exploration success rate has been observed between 2016 and 2017 (18-36%), although still well below 2007-13 ranges of 30-50%.



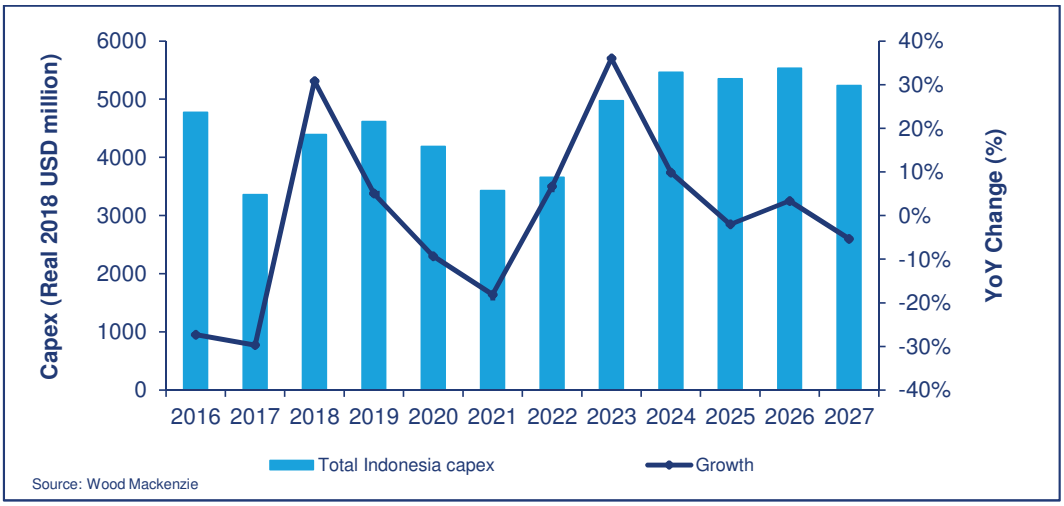
Source: Wood Mackenzie



Source: Wood Mackenzie

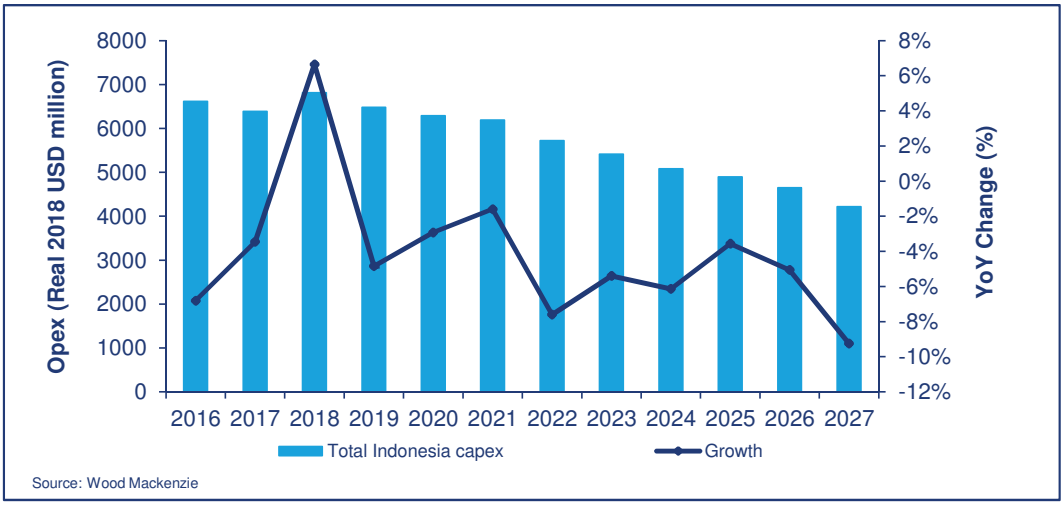
Indonesia CAPEX (real 2018)

Indonesia's real capital expenditure, for projects under development in the short term, has rebounded in 2018 to USD4.4 billion, up 31% from USD3.4 billion in 2017. This is mainly due to project deferrals in 2016 as companies cut their capital budget in the lower oil price environment. We expect capital spend to be relatively flat over the 2018-2020 period due to the lack of sizable pre development projects in the horizon. The vast majority of capex is spent in the Sumatra, Java and Kalimantan regions.



Indonesia OPEX (real 2018)

Wood Mackenzie estimates Indonesia real operating expenditure to steadily decline at a rate of 4% per annum from USD6.8 billion in 2018 to USD5.7 billion in 2022. Over the forecast period of 2018 to 2035, Indonesia's real operating expenditure declines at a rate of 8.0% to USD1.7 billion.



Ongoing and future developments

Notable developments that were brought onstream in 2017 include the Madura Strait and Muara Bakau FPSO with expected peak productions of 50kboe/d and 73kboe/d respectively. In early 2018, the offshore Mahak fixed platform is expected to come online.

The North Sumatra Block A Aceh gas development was sanctioned in 2016, and first gas is expected in 2018. Also in 2016, BP sanctioned the expansion of its Tangguh LNG project in West Papua. The project will see the development of a third LNG train and several shallow water gas fields. The Bison, Iguana, and Gajah Puteri fields, offshore Natuna, were sanction as subsea tiebacks in early-2017.

Production from the deepwater Jangkrik was produced started in February 2017. Gas from the Walanga, Sampi Sampi, and Bonge fields is planned to be monetised through the Sengkang mini-LNG plant. Sengkang LNG failed to meet the targeted 2017 start up and has been pushed back to 2018/2019.

Field	Block	Operator	Startup/Expected Startup	Commercial Remaining Reserves at 01/12/2017 - Liquids (mmbbl)	Commercial Remaining Reserves at 01/12/2017 - Gas (bcf)
Alur Rambong, Alur Siwah, Julu Rayeu	North Sumatra Block A Aceh	Medco Energi	2018	2	264
Bangka	Rapak	Chevron	2016	3	125
Banyu Urip (peak)	Cepu	ExxonMobil	2016	-	90
BD, MDA-MBH-MDK	Madura Strait	Husky-CNOOC Madura	2017 for BD, 2019/20 others	26	993
Bison, Iguana, Gajah Puteri	Natuna Sea Block A	Premier Oil	2019	1	192
Jangkrik & Jangkrik North East	Muara Bakau	Eni	2017	10	1205
Kerendan	Bangkanai	Ophir Energy	2016	3	183
Sirasun & Batur	Kangean	Kangean Energy Indonesia	2019	-	305
Tangguh Phase 2	Berau, Wiriagar, Muturi	BP	2021	16	3,195
Walanga, Sampi-Sampi, Bonge	Sengkang	Energy World Corporation	2018/19	-	138

Technical Reserves are not included.

Several greenfield projects are in the pre-FID stage; however commercial issues faced by these projects may defer their sanction.

Field	Block	Operator	Expected Startup	Commercial Remaining Reserves at 01/01/2017 - Liquids (mmbbl)	Commercial Remaining Reserves at 01/01/2017 - Gas (bcf)
Ande Ande Lumut	Northwest Natuna	Santos	2020	95	0-
Kinanti	Pasir	Archipelago Resources	2019	10	01
Lengo	Bulu	KrisEnergy	2022	-	229
Pabuaran KSO	Pabuaran KSO	IEV	2018	1	13

Technical Reserves are not included.

The following table lists a number of sizeable undeveloped oil and gas fields in Indonesia that have the potential to be developed in the near future. We have only included discoveries that exist within PSCs that have no fields currently in production or under development.

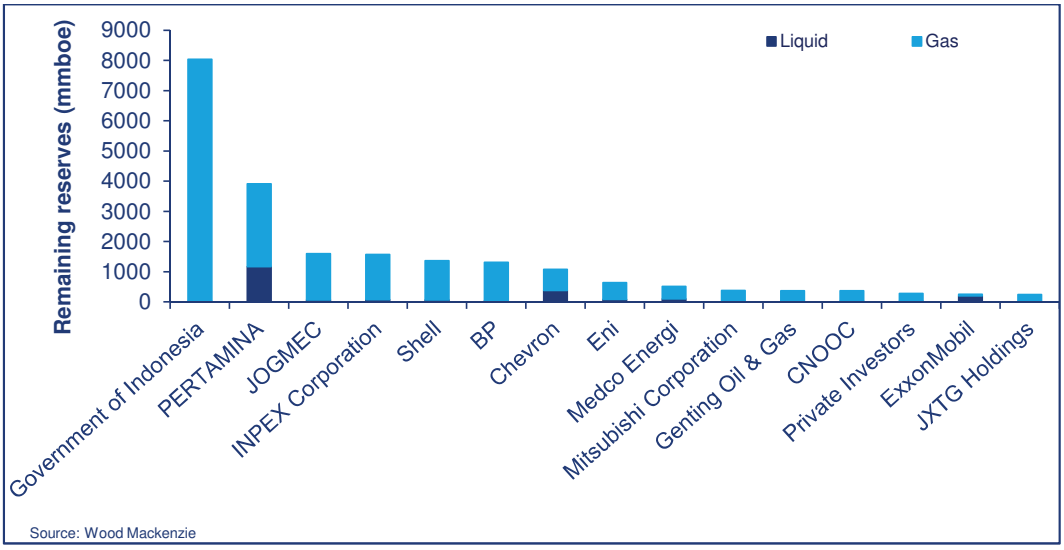
Field	Block	Operator	Expected Startup	Technical Reserves - Liquids (mmbbl)	Technical Reserves - Gas (bcf)
Abadi	Masela	INPEX	2026	203	21,456
Asap & Merah	Kasuri	Genting Oil & Gas	2024	17	2,150
Badik & West Badik	Nunukan	PERTAMINA	2024	104	105
Barokah	South Sesulu	PGN	2021	-	325
Dara	North Sokang	Black Platinum Energy	2024	-	530
Jambu Aye Utara	Krueng Mane	Eni	2022	3	163
Merakes	East Sepinggan	Eni	2024	-	850

Technical Reserves: Potentially recoverable hydrocarbon volumes that have been discovered but are not currently considered commercial by Wood Mackenzie. This may be due for example to low levels of reserves, perceived technical difficulties with a development, low product quality or the lack of available markets.

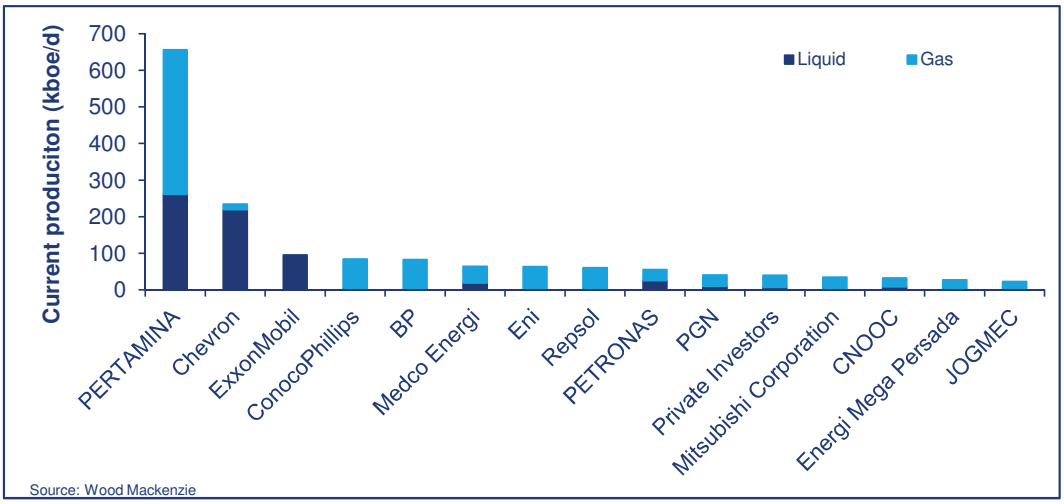
Key upstream players active in Indonesia

Indonesia has one of the most diverse upstream industries of any country in the world, with over 200 active PSC participants of varying capability and size. In terms of remaining reserves and production, the top 15 players include US and European majors (Shell, BP, Chevron, ExxonMobil, ConocoPhillips), independents (Eni, Repsol, Genting Oil & Gas), Indonesian independents (Medco Energi and Energi Mega Persada), oil companies from Japan (INPEX Corporation, JOGMEC, JXTG Holdings, Mitsubishi Corporation), NOCs (CNOOC, PETRONAS), Indonesia's state owned companies (PERTAMINA, PGN), the Government of Indonesia and other private investors. Following a long period of dominance by the international majors, PERTAMINA has now become the leading producer in Indonesia with 657 kboe/d of average working interest production in 2018. This is driven in part by increased production from Cepu, but also due to the overall declining trend of production amongst companies like Chevron in Indonesia.

In January 2017, the MEMR announced that the remaining licenses will be extended with Pertamina to be awarded full ownership but the NOC is allowed to partner with other companies. In September 2017, Pertamina declined the offer to take the Attaka Unit and the East Kalimantan PSC, the government has said it will tender the blocks on expiry however no timeline has been announced. Pertamina was awarded operatorship in Offshore Mahakam PSC from 2 January 2018. In June 2018, the Indonesian government handed over 12 currently producing oil and gas blocks to Pertamina. These include Mahakam, Offshore Northwest Java, North Sumatra Offshore, Ogan Komering, Southeast Sumatra, Tuban, East Kalimantan, Attaka, Tenggah, Sanga-Sanga, Pendopo-Raja and Jambi Merang.



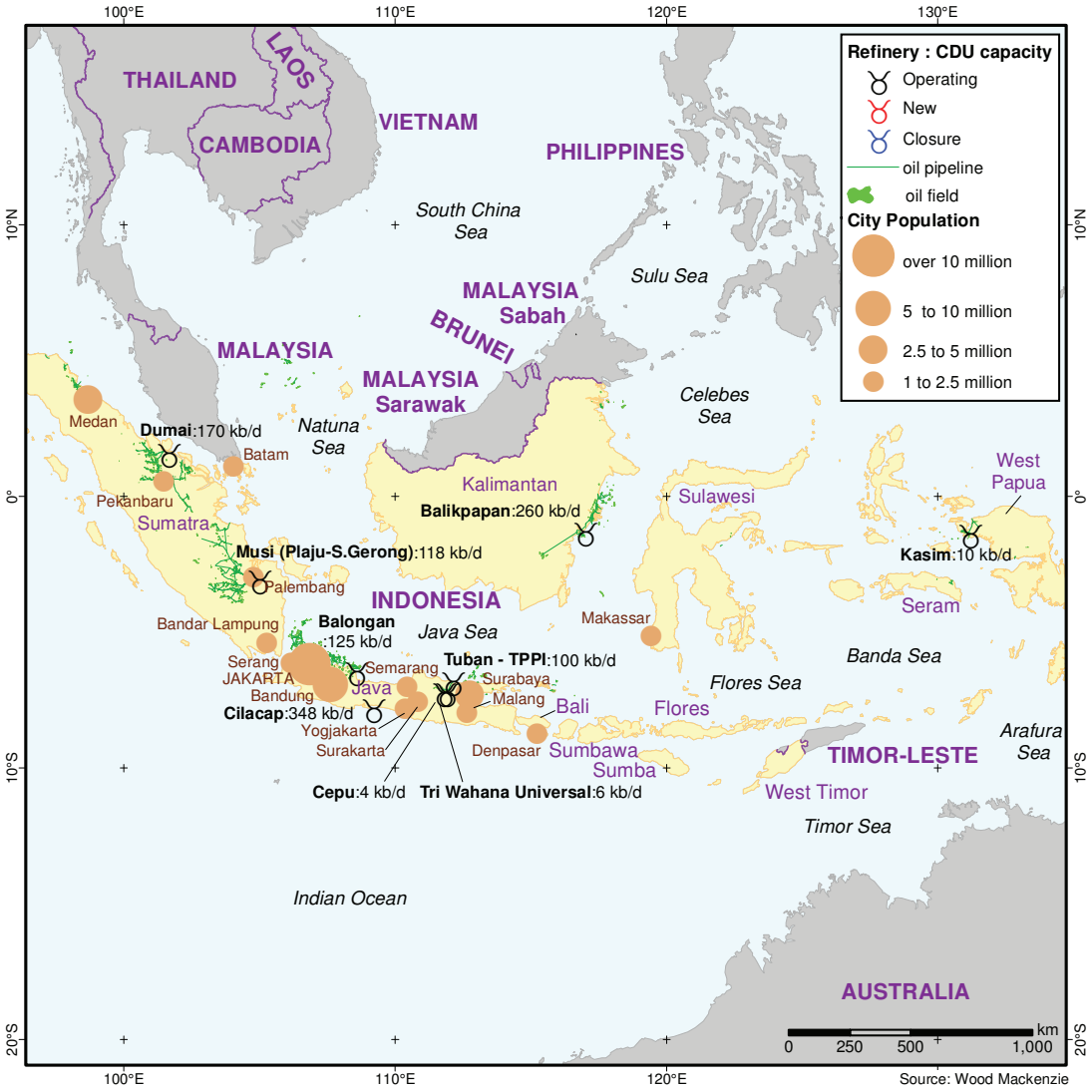
Source: Wood Mackenzie



Source: Wood Mackenzie

Indonesia Infrastructure

Oil infrastructure



Indonesia has a total of nine active oil refineries, located in East Kalimantan, Java, Sumatra and West Papua, seven of which are wholly owned and operated by PERTAMINA. PERTAMINA began oil refining through its first refinery at Sungai Pakning in Riau, which started operations in 1969, with a capacity of 50,000 b/d. Through a series of acquisitions and capacity expansions, PERTAMINA has a current refining capacity of over 1,000,000 b/d

Indonesia has a stated objective to reduce its reliance on imported petroleum products. It aims to meet this objective by increasing domestic product supply through refinery expansions and construction of new grassroots refineries. A few foreign investors that showed interest in refining joint-venture projects in 2013 have now backed off as the subsidised domestic market did not provide a sufficient rate of return. However, the Indonesian government removed subsidies in the retail sector in January 2015 with the fall in global crude oil prices. This may again generate interest in new grassroots refinery projects in Indonesia. In November 2017, Pertamina and Rosneft established a joint venture for developing the Tuban grass root refinery and petrochemical complex (TGRR) in East Java following the joint venture agreement signed in October 2016. The government is working to provide more incentives to make new investments more viable. However, it is doubtful that any additional capacity will come online by 2022, despite several capacity addition projects being announced.

There has been positive development in Indonesia as Pertamina is looking to revamp its existing refineries with foreign partners. In 2014, Pertamina entered agreements with Saudi Aramco, JX Nippon Oil & Energy Corp and China Petroleum & Chemical Corp (Sinopec) to progress its Refining Development Master Plan (RDMP). This initiative aims to improve Pertamina refineries' operational capacities, complexities and competitiveness. Subsequently, JX and Sinopec have called off their investment plan with only Aramco progressing talks with Pertamina.

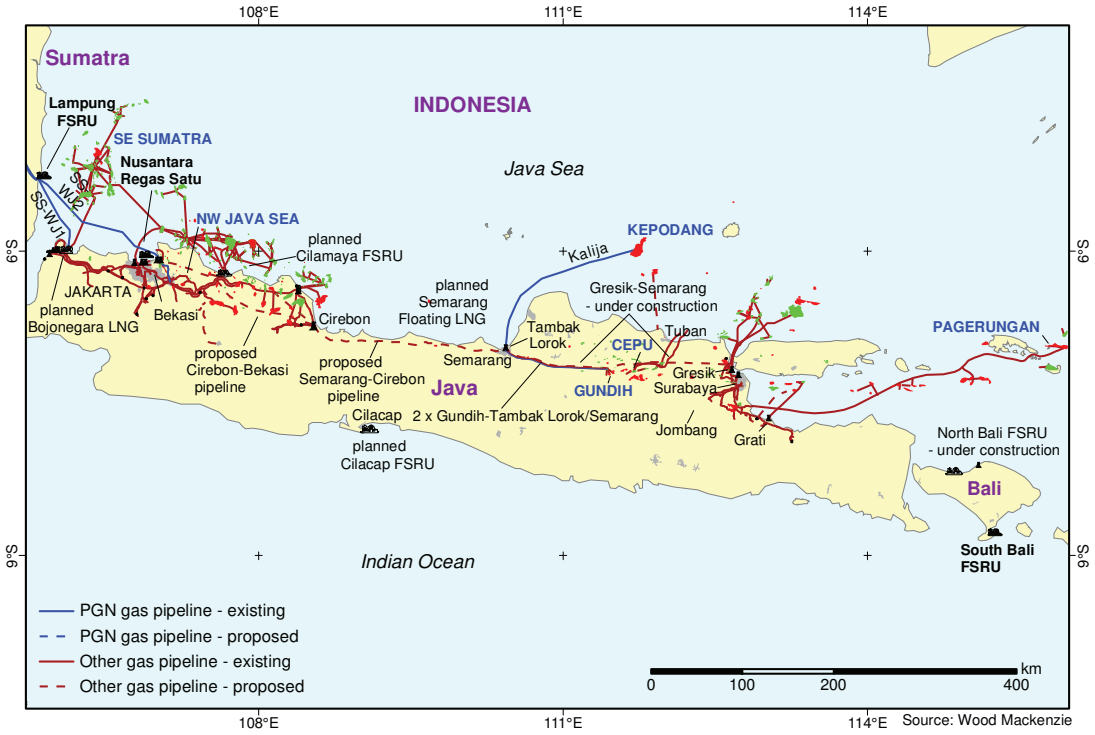
In May 2016, Pertamina and Saudi Aramco awarded a detailed engineering study to expand the Cilacap refinery from its current 348,000 b/d to 370,000 b/d refining capacity by 2023. In October 2016, Pertamina also entered into a licensing agreement with Axens for its residue upgrading project in Balikpapan. This project involves the addition of a new RFCC, diesel hydrotreater and LPG sulphur removal unit, to reduce the refinery's fuel oil production and increase its low-sulphur diesel production. The project is expected to be completed post 2022.

Separately, Pertamina is also replacing its semi-regenerative reformer for a continuous catalytic reformer (CCR) and adding an isomerisation unit as a part of the Blue Sky Project at the Cilacap refinery in 2018. Overall, Indonesia's refining capacity will remain flat at 1,145 kbd through to 2020, as there are no firm CDU capacity additions in our view.

Location	Refinery Name	Operator	Refinery Type	CDU Capacity (kbd)
Indonesia	Balikpapan	PERTAMINA	HCU	260
Indonesia	Balongan	PERTAMINA	FCC	125
Indonesia	Cepu	PERTAMINA	HSKIM	4
Indonesia	Cilacap	PERTAMINA	FCC	348
Indonesia	Dumai	PERTAMINA	HCU & COK	170
Indonesia	Kasim	PERTAMINA	HSKIM	10
Indonesia	Musi (Plaju-S.Gerong)	PERTAMINA	FCC	118
Indonesia	Tri Wahana Universal	Private Investors	HSKIM	6
Indonesia	Tuban – TPPI	Trans Pacific Petrochemical	HSKIM	104

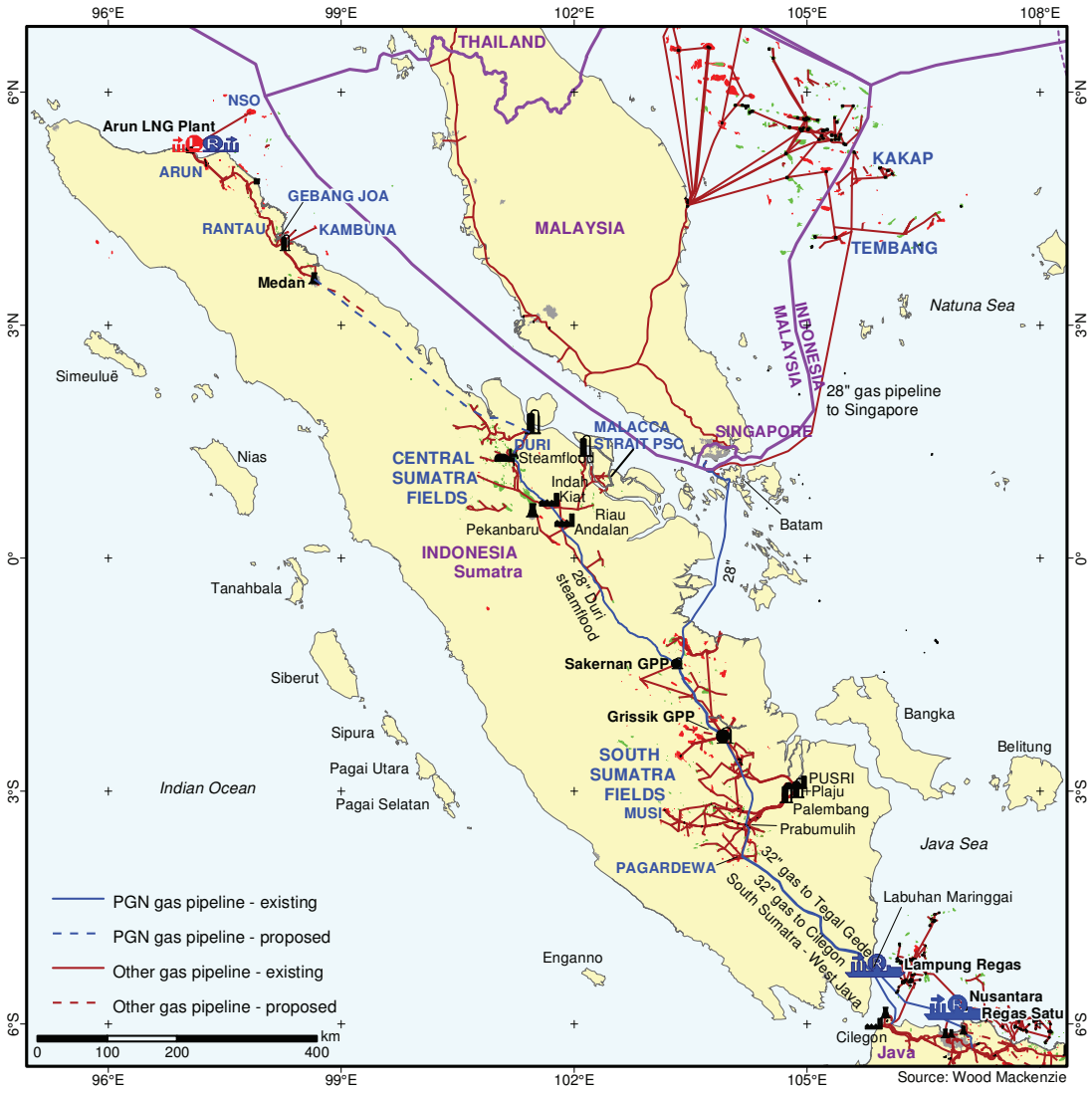
Gas Infrastructure

Java Gas Infrastructure

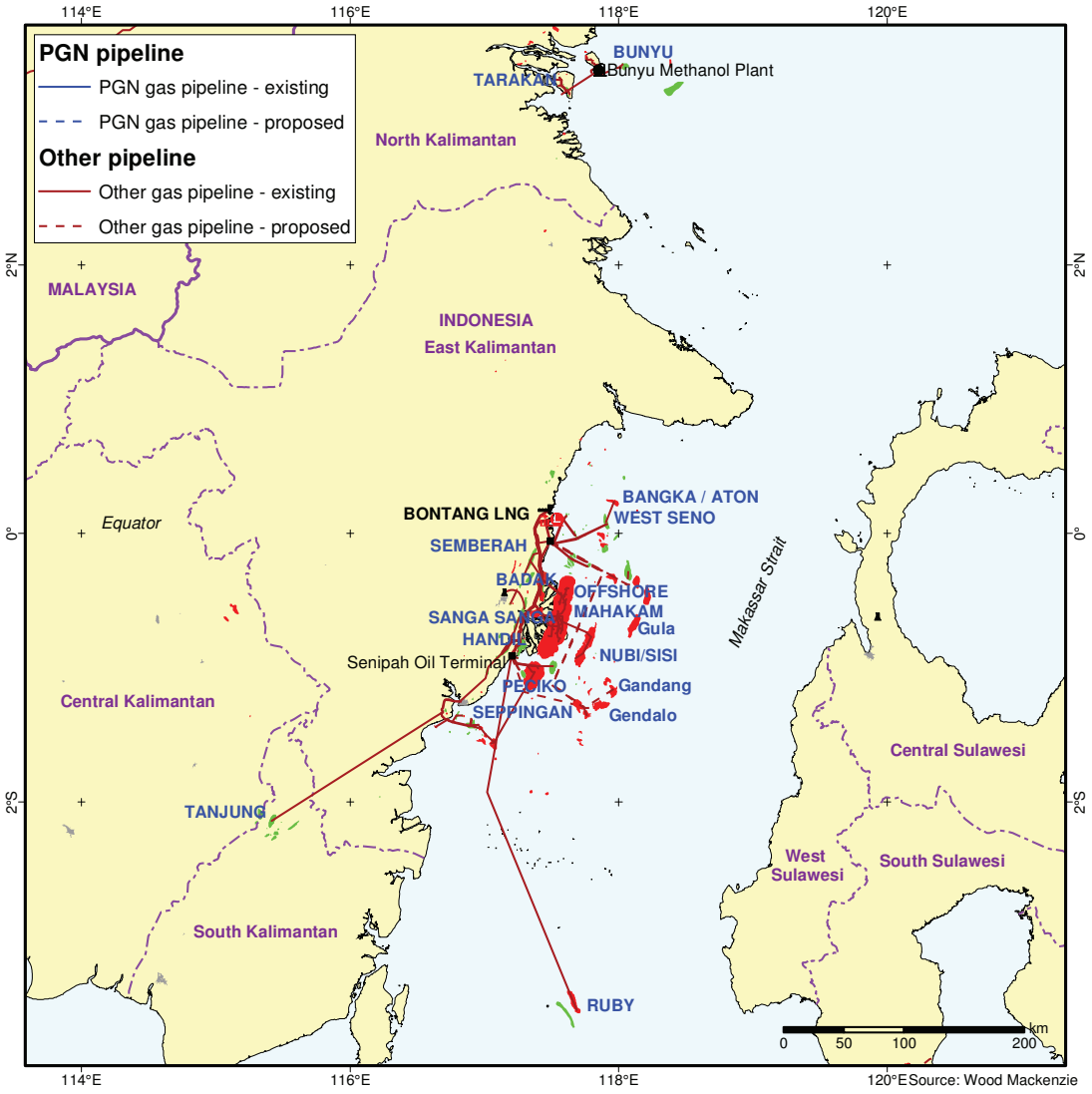


Source: Wood Mackenzie

Sumatra Gas Infrastructure



Kalimantan Gas Infrastructure

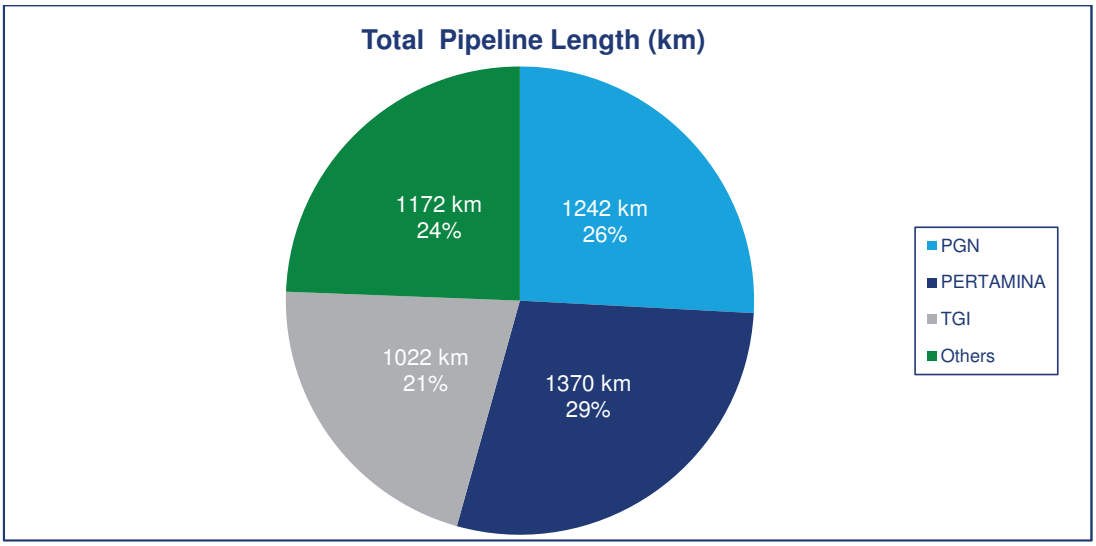


The lack of gas interconnection infrastructure divides Indonesia into several regional markets. Java Island is separated into the West Java, Central Java and East Java markets, while Sumatra Island is segregated into the Aceh/North Sumatra and Central/South Sumatra markets. Pipeline infrastructure outside Java and Sumatra is very limited, except in the East Kalimantan region around the Bontang LNG plant.

Existing inter-regional pipeline connections include the Grissik-Duri and the Grissik-Singapore pipelines connecting South Sumatra with Central Sumatra, Batam, and Singapore, and the SSWJ I and II pipelines connecting South Sumatra with West Java. In North Sumatra, the Arun-Medan pipeline was completed in December 2014, connecting the gas markets in Aceh and Medan. Export pipelines also exist in the Natuna Sea, delivering gas to Singapore and Malaysia.

The market is growing as additional pipelines are being built. The Gundih-Tambak Lorok pipeline was commissioned in September 2014, supplying gas to Semarang. Another pipeline to Semarang from Muriah was completed in August 2015. The Cilegon-Bitung pipeline, which is part of PGN's gas pipeline expansion in West Java began operating in 2015. In October 2014, Pertagas started the construction of the Gresik-Semarang pipeline which expected to connect the Central and East Java markets in mid-2018. In Sumatra, the Duri-Dumai pipeline started operating in November 2018, distributing gas produced from the Corridor Block operated by ConocoPhillips and the Bentu Block operated by Energi Mega Persada (EMP).

Pipeline Ownership (based on operatorship)



Existing Pipelines

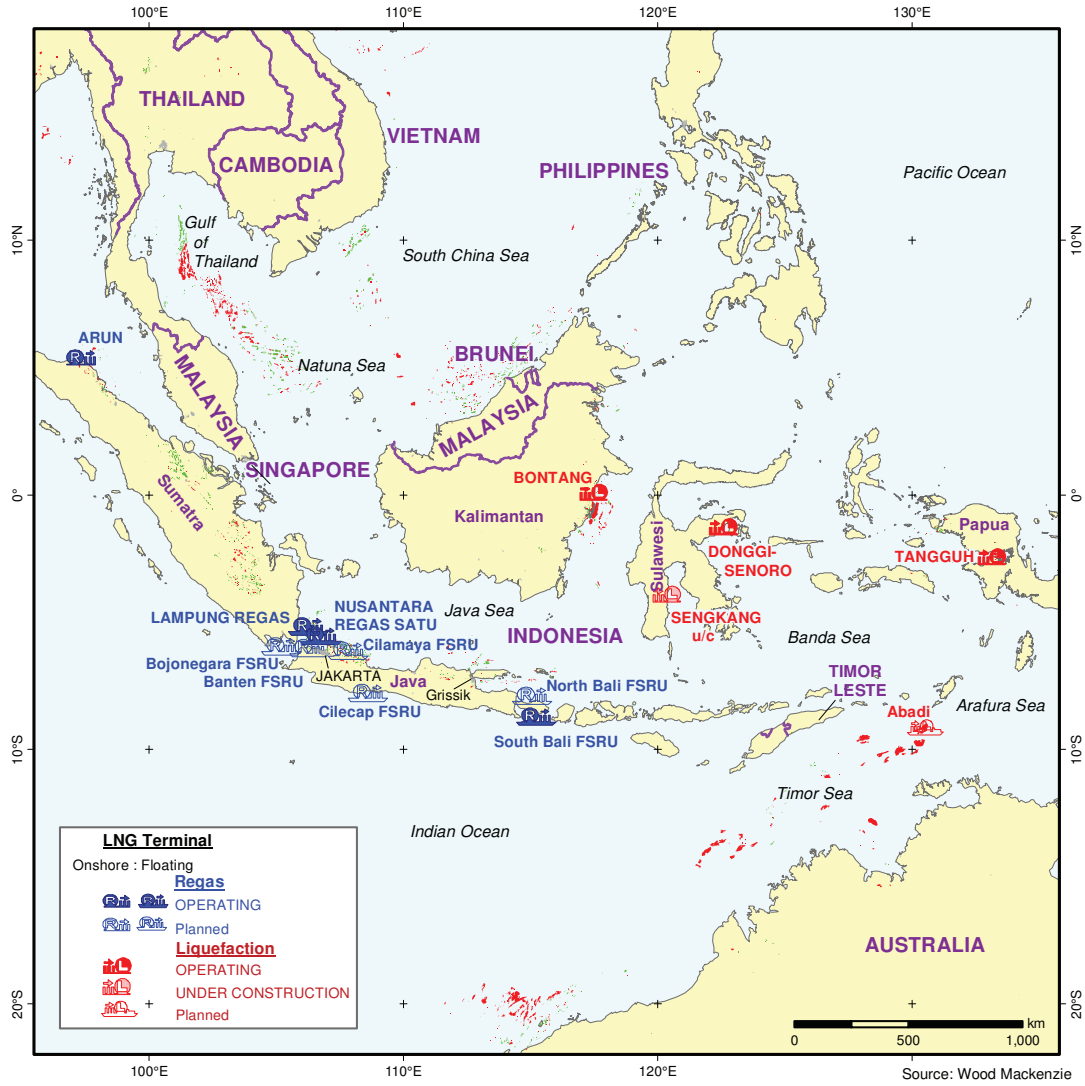
Pipeline System	Transporter / Operator	Current Capacity (mmcfd)	Diameter (inch)	Length (km)
Java				
Cilamaya to Cilegon (via Tegal Gede & Nagrak)	PERTAMINA	250,400	18,24	218
Pagerungan Island to Porong (East Java Pipeline)	PERTAMINA	600	28	370
Porong to Gresik (East Java Pipeline)	PERTAMINA	600	28	53
Gundih - Tambak Lorok	Sumber Petrindo Perkasa	200	20	140
Kepodang - Tambak Lorok	PGN and Bakrie Brothers	250	14	207
Sumatra				
Arun - Medan	PERTAMINA	200	24	340
Medan - Sei Mangke	PERTAMINA	150	24	138
Pangkalan Brandan to Wampu	PERTAMINA	135	18,12	51
Grissik to Duri	TGI	430	28	544
Grissik to Singapore (via Batam)	TGI	467	28	478
Musi – Palembang	PERTAMINA	300	12,20 (varies)	200
Pagardewa - Labuhan Maringgai (SSWJ I)	PGN	530	32	268
Labuhan Maringgai - Bojonegara (SSWJ I)	PGN	530	32	105
Grissik - Pagardewa (SSWJ II)	PGN	440	36	196
Pagardewa - Labuhan Maringgai - Muara Bekasi - Rawa Maju (SSWJ II)	PGN	440	32	466
Natuna Sea				
West Natuna Transportation System to Singapore border (upstream pipeline) via Batam	PSCs	700	28	644
Kalimantan				
Senipah - Badak (upstream pipeline)	PSCs	1,600	42	128

Handil - Badak (upstream pipeline)	PSCs	300	20	74
Badak - Bontang LNG (upstream pipeline)	PSCs	3,600	36,36, 42,42	57
Tanjung Santan - SKG Bontang	Pertagas	200	16	40
KM 53 - SKG Bontang				
Sulawesi				
Kampung Baru - Sengkang (upstream pipeline)	PSC	30	8	29
Papua				
Arar - Kasim (upstream pipeline)	PSC	60	8	60

Under Development/Proposed (likely) Pipelines

Pipeline System	Licensee	Status	Ultimate Capacity (mmcfd)	Diameter (inch)	Length (km)
Java					
Gresik - Semarang	PERTAMINA	Under development	350-500	28	267
Semarang - Cirebon	-	Proposed	350 - 500	28	258
Cirebon - Bekasi	-	Proposed (unlikely)	350- 500	28	220
East Kalimantan - Semarang	Bakrie Brothers	Proposed (unlikely)	800 - 1000	42	1,110
Sumatra					
Bentu Korinci Baru - Teluk Lembu	Bentu Korinci Baru PSC	Under development	40	8	40
Duri - Dumai	PGN	Under development	250-300	24	130
Dumai - Medan	PGN	Proposed	250-300	28	395
Grissik - Palembang	PERTAMINA	Under development	160.0	20	176
Kalimantan					
Simenggaris - Bunyu	PERTAMINA	Under development	35.0	10	70
Handil - Tanjung Batu	PERTAMINA	Under development	100	16	55

LNG Infrastructure



Existing LNG Infrastructure

Facility	Type	Owner	Nominal Capacity (mmcfd)	Peak Capacity	Storage (m3)
Nusantara Regas Satu	Regasification	PERTAMINA, PGN	397	397	125,000
PGN FSRU Lampung	Regasification	PGN	240	240	170,000
Arun Regas	Regasification	PERTAMINA	397	397	636,000
Benoa Regas	Regasification	PERTAMINA, PLN	50	50	20,000
Liquefaction					
Bontang Liquefaction Plant	Liquefaction	Government of Indonesia (Badak)	2,916	-	-
Tangguh Liquefaction Plant	Liquefaction	Tangguh Consortium led by BP	998	1,497	-
Donggi Senoro Liquefaction Plant	Liquefaction	Mitsubishi Corporation, PERTAMINA, KOGAS, Medco Energi	263	263	-

Facility	Type	Owner	Nominal Capacity (mmcfd)	Peak Capacity	Storage (m3)
Nusantara Regas Satu	Regasification	PERTAMINA, PGN	397	397	125,000
PGN FSRU Lampung	Regasification	PGN	240	240	170,000
Arun Regas	Regasification	PERTAMINA	397	397	509,000
Benoa Regas	Regasification	PERTAMINA, PLN	50.0	50	20,000
Liquefaction					
Bontang Liquefaction Plant	Liquefaction	Government of Indonesia (Badak)	2,916	-	-
Tangguh Liquefaction Plant	Liquefaction	Tangguh Consortium led by BP	998	1,497	-
Donggi Senoro Liquefaction Plant	Liquefaction	Mitsubishi Corporation	263	263	-

Planned LNG Infrastructure

Facility	Type	Owner	Nominal Capacity (mmcfd)	Location	Status
Celukan Bawang FSRU	Regasification	Padma Energi	70.0	Bali	Cancelled
Bojonegara Regas	Regasification	PERTAMINA	529.6	West Java	Proposed
Cilacap FSRU	Regasification	PERTAMINA	200.0	Central Java	Proposed
Pomala Regas	Regasification	PGN	50*	SE Sulawesi	Proposed
Java-1 FSRU	Regasification	PLN/IPP	199*	West Java	Proposed
Java-3 Peaker Regas	Regasification	PLN/IPP	50*	West Java	Proposed
Bangka Regas	Regasification	PLN/IPP	20*	South Sumatra	Proposed
Central Indonesia Mini-LNG	Regasification	PLN	290*	Central Indonesia	Proposed
Banten FSRU	Regasification	PT Energi Dian Kemala	132 - 530	West Java	Speculative
East & West Indonesia Mini-LNG	Regasification	PLN	360*	East/West Indonesia	Speculative

Bantaeng	Regasification	ENMP, AG&P	132.0	South Sulawesi	Speculative
Liquefaction					
Sengkang Liquefaction Plant	Liquefaction	EWC	265	South Sulawesi	Under construction
Abadi	Liquefaction	INPEX, Shell	1,258	Timor	Proposed

Facility	Type	Owner	Nominal Capacity (mmcfd)	Location	Status
Java-1 FSRU	Regasification	PLN/IPP	400	West Java	Under construction
Bojonegara Regas	Regasification	PERTAMINA	530	West Java	Proposed
Cilacap FSRU	Regasification	PERTAMINA	200	Central Java	Proposed
Pomala Regas	Regasification	PGN	50*	SE Sulawesi	Proposed
Java-3 Peaker Regas	Regasification	PLN/IPP	50*	West Java	Proposed
Bangka Regas	Regasification	PLN/IPP	20*	South Sumatra	Proposed
Central Indonesia Mini-LNG	Regasification	PLN	290*	Central Indonesia	Proposed
Banten FSRU	Regasification	PT Energi Dian Kemala	132 - 530	West Java	Speculative
East & West Indonesia Mini-LNG	Regasification	PLN	360*	East/West Indonesia	Speculative
Bantaeng	Regasification	ENMP, AG&P	132	South Sulawesi	Speculative
Celukan Bawang FSRU	Regasification	Padma Energi	70	Bali	Cancelled
Semarang FSRU	Regasification	PERTAMINA	397	Central Java	Cancelled
Liquefaction					
Sengkang Liquefaction Plant	Liquefaction	EWC	265	South Sulawesi	Under construction
Abadi FLNG	Liquefaction	INPEX, Shell	1,258	Timor	Proposed

3b. Overview of Thailand's Oil & Gas Industry

Overview – key areas of interest to E&P Companies

Oil and gas production in Thailand is predominately sourced from two offshore areas in the Gulf of Thailand: the Pattani Basin and the Malay Basin. The fractured nature of the offshore geology means there is no single field or area that dominates reserves or output - instead the majority of production is provided by thousands of separate and relatively homogenous reservoirs spread across the two basins. In particular, key projects such as Bongkot and Erawan have accounted for more than 75% of Thailand's domestic gas production in recent years. With production plateauing at about 3,000 mmcfd since 2013, Thailand ranks just behind Indonesia and Malaysia in terms of gas production.

PTTEP and Chevron have been dominate in the corporate landscape. Together they own over 80% of the country's reserves and production as they operate the largest oil and gas licences in the country. NOCs, regional players, IOCs occupy the rest of the landscape. Apart from Chevron, the Majors are represented by TOTAL and ExxonMobil, each holding stakes in profitable gas assets. Shell exited Thailand in 2018, selling its Bongkot stake to PTTEP for US$ 750 million. This deal was the first significant deal completed in Thailand since PTTEP 's acquisition of Hess' Thai assets in 2014. In 2018, an auction for a 10-year extension to the concession rights for Bongkot and Erawan was held with Chevron and PTTEP the only bidders. PTTEP won the auction and Chevron will exit its positions in Erawan and Bongkot by 2022 and 2023, respectively.

Thailand is a mature petroleum province with over 70% of the country's total resources having been produced already. Remaining hydrocarbon reserves are dominated by gas, which constitutes three-quarters of remaining reserves. A lack of new projects or sizeable new discoveries will likely lead to a steep decline in country production post 2030.

Consumption and Production of Oil and Gas

Oil

Future Oil Production

In the near to medium-term, most liquids production will come from the Chevron-operated B8/32 and Contract 3 areas and PTTEP's S1 (Sirikit Area) concessions. Current development work on Block S1 is expected to maintain oil production from the Sirikit Area above 20,000 b/d until 2020. Beyond 2022-2023, condensate production will mainly come from the G1/61 (Erawan) and G2/61 (Bongkot) licences.

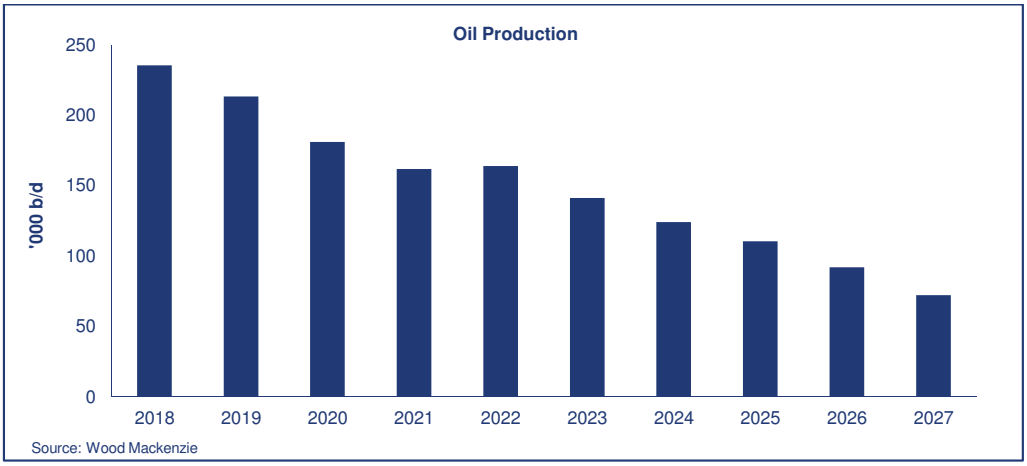
Longer-term, liquids production is forecast to decline in line with falling output from the main gas producing fields in the Pattani and Malay basins.

Historical Oil Production

The Defence Energy Department began oil production in Thailand in the late-1950s. However, production remained at relatively low levels until Shell brought the Sirikit field onstream in 1983. Thailand's other main source of indigenous liquid production has been condensate from Chevron's gas fields in the Gulf of Thailand, the first being produced from Erawan in 1981.

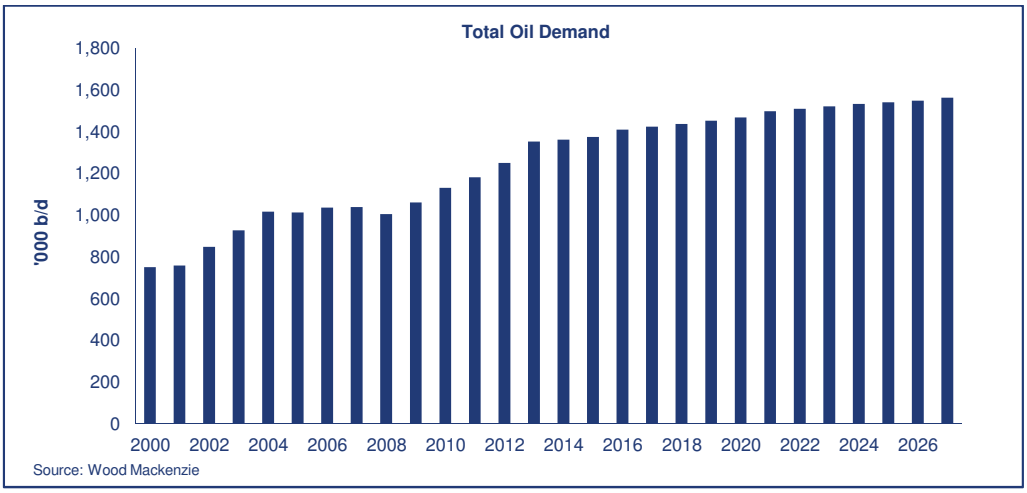
Liquids production increased steadily during the 2000s, as a result of the "Big Oil" project, which produces from fields including Benchamas, Plamuk and Yala in the Chevron-operated areas. Higher production from the Bongkot area has also added to Thailand's liquid output.

Thailand's largest onshore oil producing field has been the Sirikit Area, operated by PTTEP. Elsewhere liquids production is supplemented by the onshore S1 (Sirikit Area). Mubadala's G1/48 (Manora) and G11/48 (Nong Yao) and KrisEnergy's G10/48 (Wassana) projects will add further production from 2015/16. Thailand's liquid output peaked in 2016 at 265,000 b/d, and is expected to remain above 200,000 b/d until 2020.



Oil Demand

Total oil demand in Thailand is forecast to grow to 1.56 Mb/d by 2027. Over the forecast period, demand growth is expected to be driven mainly by the strength in the transport sector, especially road transport. Gasoline and diesel/gasoil combined are forecast to account for majority of the overall demand growth between 2017 to 2027.



Gas

Future Gas Production

Thailand's indigenous gas production is dominated by a number of key offshore projects including Arthit, Bongkot and the three Chevron-operated gas Contract areas. We expect this trend to continue in the short and mid-term. Upon Chevron's Contract areas and PTTEP's Bongkot licence expiries, the newly awarded PSCs G1/61 (Erawan) and G2/61 (Bongkot) are expected to provide a combined 1,500 mmcfd of gas for 10 years, representing an ever increasing share of Thailand domestic gas production, from 75% today to 80% in 10 years.

Mid-term, we could expect additional volumes from PTTEP's Sinphuhorm and Apico's Dong Mun. However long-term, beyond 2030, we expect domestic gas supply to decline given the lack of new projects expected to come onstream, the lack of recent material gas discoveries and the maturity of the basins.

Historic Gas Production

Thailand's indigenous gas production is dominated by a number of key offshore projects including Arthit, Bongkot and the three Chevron-operated gas Contract areas. The largest producing onshore gas field is the PTTEP-operated Sinphuhorm, which has sales output over 100 mmcfd.

Domestic Gas

The vast majority of Thailand's gas output has historically come from the Gulf of Thailand, where production started in 1981 from Unocal's Erawan field. Chevron acquired Unocal in August 2005, and became Thailand's premier gas producer.

Over the last fifteen years, Thailand's domestic gas demand has grown strongly. In 2003, a number of sales agreements for the supply of domestic gas were signed. Incremental supply was secured from existing suppliers such as Unocal's B12/27 concession, and in January 2004, a gas sales agreement (GSA) was signed for the supply of gas from PTTEP's Arthit fields. This was the first new source of gas to be contracted to the Thai market since early-2000. In addition, a GSA and a 10-year extension to the Chevron-operated concession agreements were secured in 2007. Supply from Arthit started in April 2008, via the third Gulf of Thailand gas trunk line.

Following the completion of the Bongkot South and Platong II projects in late-2011 and 2012 and further development of Chevron's contract areas, gas production is expected to be close to three bcf per day from 2016.

Import Gas

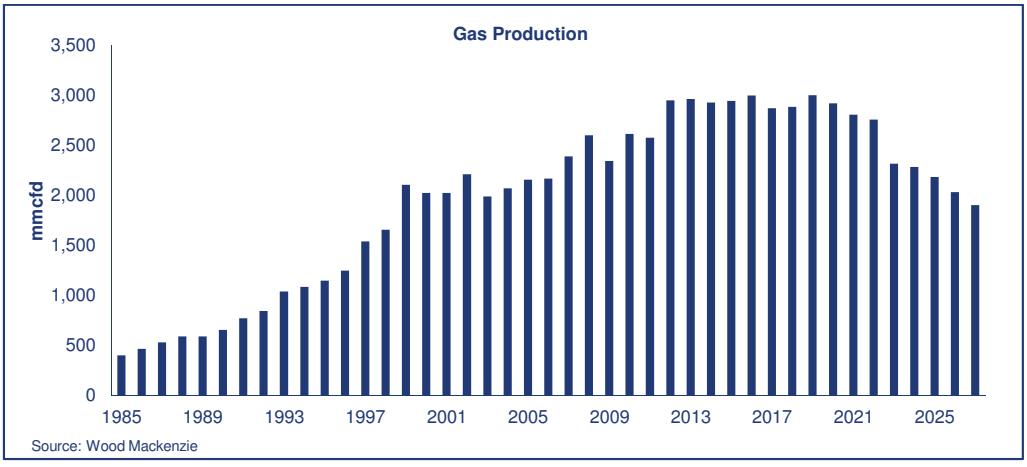
To meet growing demand, Thailand's domestic gas supply has been augmented by imported gas from Myanmar and the Malaysia-Thailand JDA.

Thailand is supplied gas from the Malaysia-Thailand JDA, from both the CPOC-operated B-17 block and the CTOC-operated A-18 block. A-18 and B-17 are expected to supply 400 mmcfd and 270 mmcfd, respectively. The sales agreements for A-18 and B-17 have an option to increase supply if demand and reserves allow. First production from the Malaysia-Thailand JDA was achieved in 2008.

Thailand has also been importing piped gas from Myanmar with gas coming from TOTAL's Yadana, PETRONAS's Yetagun and PTTEP's Zawtika projects. Altogether, this represented an average of 850-900 mmcfd over the period 2013-2017.

Since the inception of the LNG regas terminal in 2011, LNG imports augment the domestic and piped gas supply. We expect imported LNG to play an increasingly important role in Thailand, meeting 19% and 37% of gas demand in 2020 and 2030 respectively. Since its first long-term LNG contract signed with Qatargas in 2012 for delivery from 2015, PTT has gone on to sign GSAs with Shell, BP and PETRONAS. To date, PTT has contracted LNG volumes of up to 5.2 mmtpa. In addition, PTT purchased an 8.5% stake in the Mozambique Rovuma LNG project and is looking to import 2.6 mmtpa from this development, pending a formal GSA.

The Map Ta Phut LNG regasification terminal has doubled its capacity in 2017 to 10mmtpa from its initial capacity of 5 mmtpa. PTT has further expansion plans to bring Thailand's regasification capacity to 11.5 mmtpa by 2019.

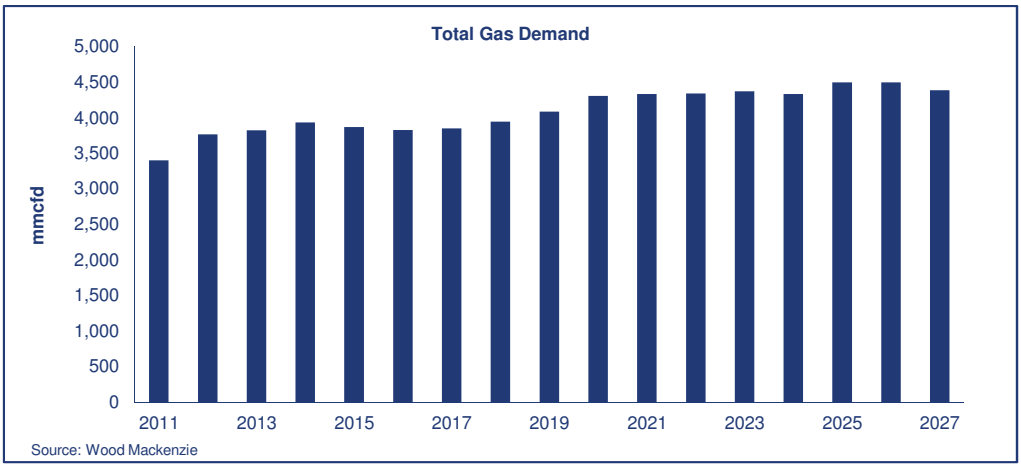


Gas Demand

Central and South Thailand are the main markets for gas. In 2018, the two regions formed the bulk of the country's total gas demand, with the rest coming from North and Northeast Thailand.

Gas demand in Thailand is driven by the power sector, which makes up a significant portion of gas demand in Thailand in 2018. The next biggest consumer of gas in Thailand is the industrial sector. Gas demand from the industrial sector rose from 2015 to 2016 due to the expansion of gas distribution pipelines in the Nong Khae industrial estate in Saraburi, Central Thailand and the distribution pipelines for Superb Power Co in Samut Prakan, Central Thailand. Going forward, the pace of growth will likely slow down in the absence of pipeline infrastructure expansions.

Overall, we expect gas demand in Thailand to peak by 2023, primarily led by a sharp decline in gas demand from gas separation plants processing domestic gas. Gas demand in the power sector will see slower growth, primarily led by increased demand from captive generators.

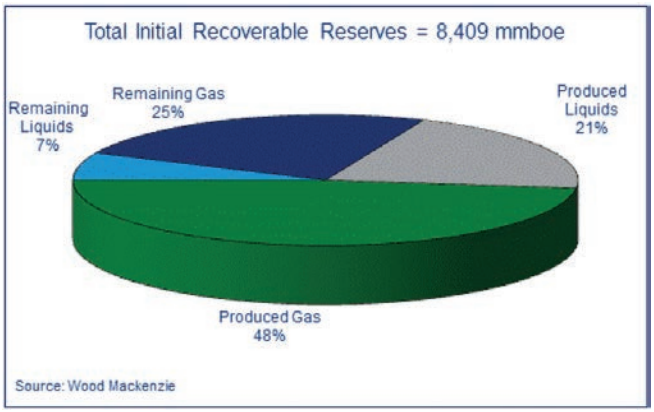


Reserves and Resources

The following charts summarise Wood Mackenzie's latest estimate of total recoverable reserves for Thailand. It is an amalgamation of recoverable reserves for fields currently in production, under development and those which we believe will receive development approval in the near to medium term.

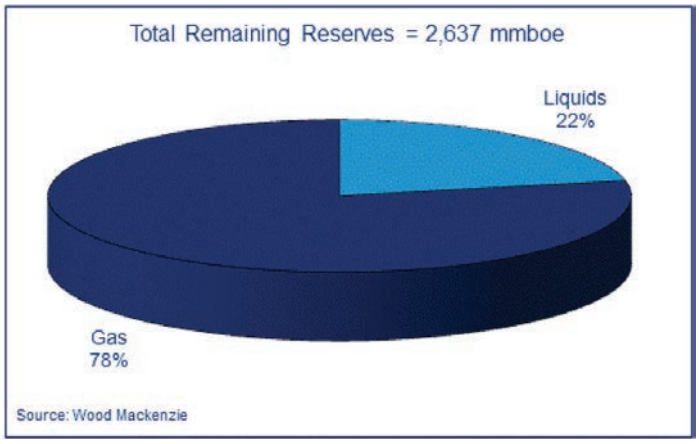
To date, the bulk of Thailand's petroleum reserves have been discovered offshore in the Gulf of Thailand. Although the Gulf is now a relatively mature area, it still contains the vast majority of the country's remaining reserves.

Remaining and Produced Liquids and Gas Reserves at 01/01/2019 (p+p)



The continuing importance of gas as a primary energy source is shown in the following chart. On an oil equivalent basis, gas accounts for three-quarters of the country's remaining petroleum reserves.

Remaining Liquids and Gas Reserves at 01/01/2019 (p+p)



Key Companies

Thailand's upstream industry is dominated by two operators - Chevron and PTTEP. They manage the largest gas, oil and condensate projects in the country. M&A activity has been slow in recent years, with only one key deal signed in 2018.

PTTEP

PTTEP acts as the state company and is considered as the country's only NOC. PTTEP is one of the largest acreage and reserves holders. It operates key offshore gas projects such as Bongkot, Arthit and Sinphuhorm as well as Sirikit and Suphan Buri - the largest onshore oil projects in Thailand. From 2022, PTTEP will also operate the G1/61 and G2/61 PSCs after the NOC won the bidding round for the Erawan and Bongkot licence extensions.

In February 2019, PTTEP announced the acquisition of a 33.8% stake in Apico from the US-based private equity companies Tatex Thailand and Tatex Thailand II for a consideration of US$64 million. The deal is expected to close in June 2019.

Majors

Most Majors have been present in the country over the years but we expect many of them to reduce their foothold in the future. Majors activity is largely dominated by Chevron.

- Chevron is the largest company by production and reserves. It operates the Contract Areas 1, 2 and 3 that contribute to 60% of the country domestic gas production. It also operates the B8/32 and B12/27 Blocks containing the Pailin, Moragot, Benchamas and Tantawan gas fields. Chevron qualified for the bidding round of the G1/61 (Erawan) and G2/61 (Bongkot) Blocks but failed to secure the win.

- Total has a 33.33% non-operating interest in the Bongkot project that expires between 2022 and 2023. The company didn't qualify for the auction bidding round on Erawan and Bongkot, which means that, as it currently stands, Total may have to exit Thailand by 2023.

- Shell had a 22.222% non-operating interest in Bongkot, that it sold to PTTEP in February 2018 for US$750 million, enacting its exit from Thailand.

- Exxon Mobil operates the Nam Phong gas field onshore in Block E5 and has a 10% non-operating interest in Sinphuhorm, the largest onshore gas field that lies across Blocks EU1 and E5N. In regard to Exxon Mobil's global portfolio, the company could consider a divestment of its upstream activities in a near future.

Japanese players

- MOECO has a non-operating interest in all Chevron's operated Contract Areas as well as in Blocks B8/32, G4/43 and 9A. It therefore holds significant reserves and production positions in the country. MOECO teamed up with Chevron for the bidding round of the G1/61 (Erawan) and G2/61 (Bongkot) Blocks as a non-operating partner but the bid was unsuccessful. MOECO also operates the L10/43 and L11/43 onshore blocks that contain the Arunothai oil discovery and the Burapa oil field respectively.

- JXTG had a 40% non-operating interest in offshore Block B6/27 that contains the Nang Nuan oil fields but the block was relinquished in 2017.

NOCs

- Mubadala operates the Jasmine, Manora and Nong Yao offshore oil fields located in Blocks B5/27, G1/48 and G11/48 respectively. It also holds a 30% non-operating interest in Block G6/48 that contains the Rossukon oil discovery. Following the outcome from the bidding round, Mubadala owns a 40% non operating interest in Block G1/61.

- CEPSA operates the Songkhla oil field project offshore in Block G5/43. CEPSA also has a 39% stake in the Apico joint venture company. Apico operates the L27/43 block that contains the Dong Mun gas discovery and holds a 35% nonoperating interest in the Sinphuhorm project.

- CNPC operates the Bung Ya and Nong Sa onshore oil fields projects in Blocks NC & L21/43.

IOCs

IOCs are largely underrepresented in Thailand.

- Ophir Energy operates the Bualuang field in Block B8/38. Ophir Energy is also present in Block L15/43 as part of the Apico joint venture. The block contains the Sinphuhorm East gas discovery, adjacent to the Sinphuhorm gas field operated by PTTEP. Ophir has a 27.2% stake in the Apico joint venture company. In March 2019, Medco Energi won the deal to buy Ophir Energy.

- Pan Orient operates the onshore Block L53/48 containing some small oil fields.

Regional players

- KrisEnergy operates the Wassana oil field in Block G10/48 as well as the Rossukon oil discovery in Block G6/48. The company also holds a 4.63% non-operating interest in Block B8/32.

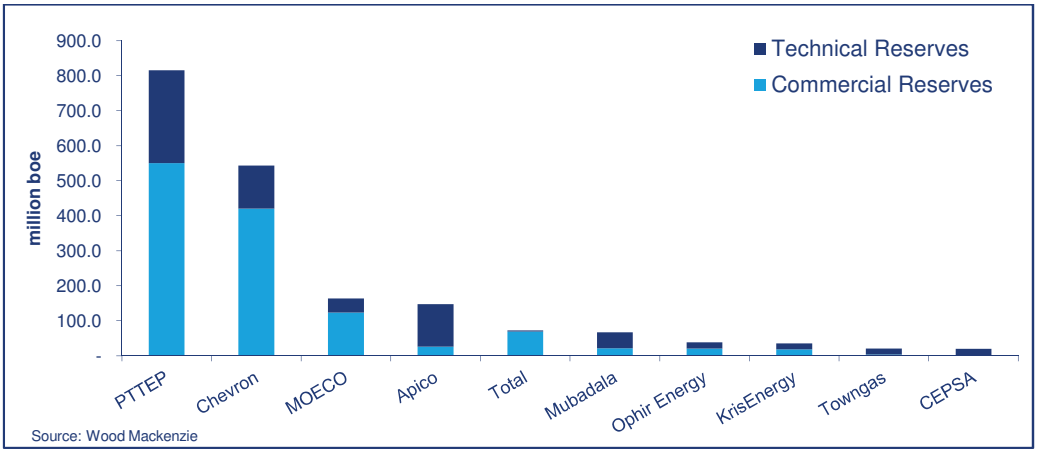
- Palang Sophon is a Thai privately owned company with non-operating interests in Blocks B8/32, G10/48, G11/48 and G4/43.

- Berlanga Holdings owns a 20% non-operating stake in onshore oil Blocks L44/43, L33/43 & SW1A.

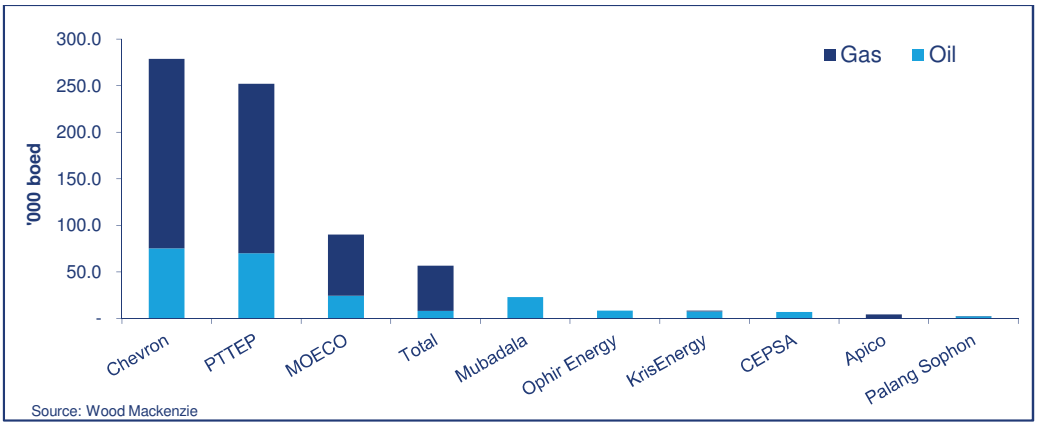
- Tap Oil holds a 30% non-operating stake in the Manora field.

- Northern Gulf Petroleum holds non-operating stakes in Blocks G1/48 and G6/48.

Remaining Commercial and Technical Reserves at 01/01/2019



Liquids and Gas Production 2018



Infrastructure

Oil Infrastructure

Offshore

Oil and condensate from the Gulf of Thailand is mostly exported via dedicated floating storage and offloading vessels (FSOs) or floating production, storage and offloading vessels (FPSOs) located at an individual field, or at central gathering points from field groupings. In-field flowlines are used to transport liquids between field locations and central gathering facilities, where necessary. These methods are employed at the Chevron contract areas, B8/32, Bongkot, Arthit and B5/27.

Onshore

All onshore crude is transported via road or rail. The BCP Bangchak refinery situated on the southern coast of Bangkok and the Thai oil refinery on the east coast are the destinations for the majority of onshore crude. Crude produced from the Sirikit area, the largest group of producing oil fields, is initially stored in five 10,000 barrel tanks. It is then transported 55 kilometres to the Bung Phra crude depot/railway station near Phitsanulok using a fleet of 110 trucks. The oil is then transported by rail for processing either at the Thai Oil refinery or the Bangchak refinery on the east coast 400 kilometres away.

PTTEP utilises three trucks, each with a capacity of 200 barrels, to transport crude from its Suphan Buri development to the Bangchak refinery. Similarly, the Sino-US Petroleum-operated Bung Ya development transports crude by truck to the Bangchak refinery.

The SW1A concession in northern Thailand supplies the Thai Petrochemical Industry (TPI) refinery at Rayong, and is also transported by road. The crude from the Military Operated Area (MOA) is trucked to a military-owned and operated 2,500 b/d capacity refinery which is located five kilometres from Mae Soon.

Refineries

Thailand has in total eight refineries with a total refining capacity of 1.25 mmbbld, currently. Four of these eight refiners are heavily integrated with petrochemicals production. By 2023, Thailand's refining capacity will increase to 1.38 mmbbld with the expansion of Sriracha Thai oil refinery by 125,000 bbld .

The Defence Energy Department opened the first refinery in Thailand, the 2,500 bbld Fang refinery in 1958. Later, Thai Oil Company Ltd. (TOCL) brought the first commercial plant online in 1964 at Sri Racha. The current capacity of Thai Oil refinery is 275,000 bbld.

Esso Standard Thailand Ltd. then constructed a second, smaller refinery at Sri Racha which started in 1971, whose capacity is 177,000 bbld currently. In 1989, Bangchak Petroleum (BCP) built a 120,000 bbld refinery on the coast just south of Bangkok.

Thai Petrochemical Industries (TPI) built a 65,000 bbld IRPC refinery at Rayong in 1995, which later expanded to 215,000 bbld refinery in the year 2000.

Shell and PTT formally opened another refinery at Rayong in mid-1996. At the outset, Shell was the majority shareholder with 64%, while PTT held the remaining 36%. Under a clause contained within the original deal, after five years of full commercial production both Shell and PTT were to reduce their holdings to 45% and 25% respectively, with the remainder of shares to be made available on the open market.

A few months after the opening of the Rayong refinery, a joint venture between PTT and Caltex brought the Star refinery online. In early 1998, the Star and Rayong refineries announced plans to merge, with ownership remaining unchanged. Rayong and Star calculated that combining operations would increase refining margins by 20%. The two refineries complement each other, with Rayong having a hydrocracker and geared towards diesel production, and Star geared towards gasoline production. A set of three kilometre pipelines link the two operations. The merged refinery called as the SPRC refinery has a current refining capacity of 165,000 bbld.

In 1995, PTTGC started a 145,000 bbld refinery which later added condensate splitter capacity in the subsequent years to reach 280,000 bbld currently.

Towards the end of 1998, a small purifying refinery with capacity of 17,000 bbld was constructed in Rayong.

Gas Infrastructure

All transmission and distribution pipeline infrastructure in Thailand is owned and operated by the state company PTT Gas, a wholly owned subsidiary of PTT. Gathering lines that collect and transport gas to the point of sale can be owned by foreign companies, but the demarcation of a gathering line and transmission line is the responsibility of PTT Gas. The only exception is the Sinphuhorm pipeline, in the Khorat basin onshore Thailand. The transmission line was built by Hess who was operating the block until 2006. Operatorship was then transferred to PTT.

Malaysia-Thailand JDA

In addition to the contracted domestic gas supply, PTT is entitled to 50% of the gas reserves from the Malaysia-Thailand Joint Development Area (JDA). Block A-18 gas is currently being supplied to Malaysia, with gas routed via a 255 kilometre, 34-inch pipeline to a landfall onshore Thailand. A further pipeline takes the gas across Thailand to Sadao on the Thai-Malay border. First gas flowed in early-2005.

In December 2004, a GSA was signed for the supply of gas from Block A-18 to the Thailand gas market. The gas is transported via a 42-inch pipeline from A-18 facilities and the Gulf of Thailand pipeline infrastructure.

Subsequent to the sales agreement for gas supply from Block A-18, a GSA was signed for the supply of gas from Blocks B-17 and B-17-01 to the Thailand market in June 2005. Production from B-17 is linked into the 42-inch pipeline from A-18 at a T-section, 2 kilometres from the B-17 central processing complex.

LNG

Since 2011, a five million tonnes per annum LNG terminal began operating at Map Ta Phut, in the Rayong province. The terminal started receiving LNG from spot markets in 2011. In 2013, PTT signed the first long term LNG contract with QatarGas for a 20-year, 2 million tonne LNG supply from 2015 onwards. PTT secured long-term contracts with BP, Shell and PETRONAS for a total capacity of 3.2 mmtpa. Both the PTT-BP and PTT-Shell deal were 15-year contracts of 1-mmtpa deliveries, with first delivery in 2017. The PTT-PETRONAS deal is for 15 years beginning in 2017 at 1 mmtpa but increasing to 1.2 mmtpa in 2019. Thailand will be able to cover its short-term LNG demand with its current contract positions. Post 2019, we expect Thailand to see some spot LNG activities to meet a growing demand shortfall.

PTT LNG's second phase plans to double the LNG terminal was completed in 2017, bringing regasification capacity to 10 mmtpa. A third phase to add an additional 1.5 million tonnes of regasification capacity is scheduled for delivery in 2019.

In May 2016, PTT received approval from the National Energy Policy Committee (NEPC) to build a second LNG regasification terminal. The 7.5 mmtpa land-based terminal will be located at Nong Fab. In June 2018, PTT LNG awarded the EPC contract for Nong Fab regasification terminal to a joint venture between Spanish company Saipem and CTCI Corporation. The expected startup date for the terminal is currently set as 2022.

Other planned LNG regasification terminals include EGAT's 5.0 mmtpa FSRU located in the Gulf in the Thailand (2024) and PTT's South Thailand 3.0 mmtpa FSRU located in either Chana or Thepa (2022). In February 2018, global construction firm Fluor started front-end engineering and design (FEED) work for the EGAT's FSRU project with construction is pending approval of necessary environmental impact assessment and permits. EGAT reports that it is currently conducting stakeholder engagement sessions in support of the FSRU project and is on track to meet their target start up date of 2024/2025. On the other hand, progress has been stalled for the South Thailand FSRU project as the energy minister hinted at a probable suspension of the South FSRU project, citing the potential for renewable to serve electricity needs instead.

Third Party Access

In November 2017, the NEPC assigned EGAT as a new LNG shipper with an import quota of 1.5 mmtpa, starting 2019. This follows the formalization of the MOU between PTT and EGAT, granting EGAT 1.5 million tons of regas capacity at Map Ta Phut terminal for 38 years, starting in 2019. This is a pilot program to assess pipeline market liberalization with Third Parties' Access regime (TPA) as part of Thailand's gas market liberalization move. In August 2018, EGAT launched a Request for Expression of Interest for 0.8 mmtpa to 1.5 mmtpa LNG imports for four to eight years, starting March 2019, for delivery to Map Ta Phut terminal. With this EGAT tender, Thailand's contracted LNG will reach 6 to 6.7 mmtpa, surpassing our view of LNG demand. Given the current demand and pricing conditions, it will be difficult for EGAT to reach a favorable outcome and the power producer would likely have to shelf its LNG import plans for now.

Policy and Regulation

Key legislation

The Petroleum Act, BE 2514 (1971), established the concession-based system in Thailand. A second law, The Petroleum Income Tax Act, BE 2514 (1971), established an income tax system only applicable to petroleum concessionaires. The Petroleum and Petroleum Income Tax Acts (No. 2), BE 2516 (1973), introduced relaxed area limitations, mandatory relinquishment requirements and royalty rates for offshore exploration blocks in water depths of over 200 metres. The Petroleum and Petroleum Income Tax Acts (No. 3), BE 2522 (1979), provided provisions to accommodate the Inland Revenue Service following Unocal's concerns over the creditability of taxes which would be paid to the Thailand Government under the Petroleum Income Tax Act, BE 2514. Further modifications were contained within the Petroleum and Petroleum Income Tax Acts (No. 4), BE 2532 (1989), which introduced Special Remuneration Benefit.

Regulatory body

Policy decisions on oil and gas matters in Thailand were historically subject to the approval of the National Energy Policy Office (NEPO). NEPO was established in 1987, reporting directly to the Prime Minister. The day-to-day management and administration of petroleum affairs was the responsibility of the Ministry of Industry (MOI). Within the MOI, the Department of Mineral Resources (DMR) and the national oil company, the Petroleum Authority of Thailand (PTT), were the key agencies with regard to the petroleum sector.

In October 2002, a new Ministry of Energy was formed, under which the relevant departments of the DMR now operate. The Ministry of Energy comprises of the Department of Mineral Fuels, the Energy Policy and Planning Office (a replacement for NEPO), the Department of Energy Business, and the Department of Alternative Energy Development and Efficiency.

The Department of Mineral Fuels (DMF) is responsible for promoting and overseeing exploration and production of petroleum and coal in Thailand to maximise their contributions to the Thai economy. It is responsible for the award of concessions and monitoring the activities of oil companies operating in Thailand.

State oil company

Thailand's national oil company, the Petroleum Authority of Thailand (PTT), was established in December 1978 by virtue of the Petroleum Authority of Thailand Act B.E. 2521 (1978). In its role as the national oil company, PTT is responsible for all aspects of the petroleum industry in Thailand from exploration and production, to transportation, processing and marketing. It also handles the purchasing of oil and finished product imports and retains a monopoly over the distribution of natural gas. PTT was partially privatised in 2001.

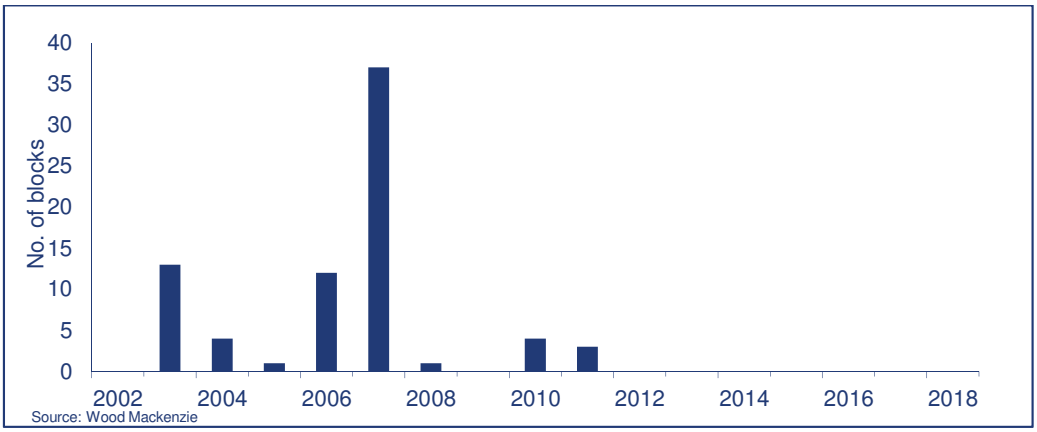
All upstream operations are dealt with by PTT's exploration and production arm, PTT Exploration and Production Inc. (PTTEP), which was partially privatised in 1994, with PTT retaining a majority stake. It was established in June 1985, to manage the state's interest in Thai Shell's (as it was then) S1 concession. Since then, PTTEP has taken stakes in a number of upstream concessions, the most significant of which to date is the operatorship of the Bongkot Development Area. The company is also the operator and majority equity holder in the Arthit project which, following gas sales agreement signature in 2004, started production in March 2008.

Current Licensing – 21st Licensing round

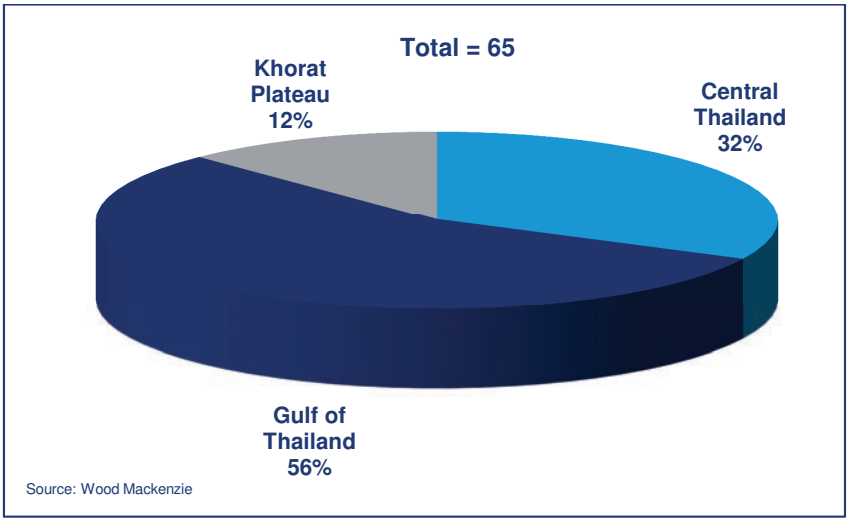
The country hasn't launched a successful licensing round since 2007. The 21st licensing round was initially launched in 2011 then delayed and re-launched again in October 2014, with 29 blocks on offer. The round was eventually scheduled to close in mid-February 2015 but it got delayed again due to political uncertainty and NGO push for the introduction of new fiscal regimes. The Thai regulator has introduced the new PSC and Service Contract regimes in 2018 and we now anticipate the round to be re-launched in Q4 2019 at the earliest, The round will most likely offer five to six offshore PSC blocks located in the Golf of Thailand and the Andaman Sea.

When initially launched, the round offered 29 exploration blocks (23 onshore and 6 offshore blocks). Of the 23 onshore blocks, 17 were located in the Northeast Region and the remaining 6 blocks were located in the North and Central regions. All six offshore blocks were located in the Gulf of Thailand. The total area on offer was 66,500 km2. It is still unclear if the same blocks will be re-offered when the round is re-launched.

Blocks Awarded



Active Blocks by Region



Source: Wood Mackenzie

Fiscal Terms

Current Fiscal Terms

Upstream

The fiscal regime in Thailand is governed by concession terms. Royalty is paid on production and the standard rate of corporate income tax is applied to profits. Existing licences are taxed under the Thai I or Thai III regimes. In addition, Chevron operates under a modified version of Thai I. Future licences will be taxed under Thai III (post-20th round) terms, PSCs and service contracts, depending on the amount of reserves and the location of the block. We will include PSC description by Jan 2019, when the outcomes of first PSC bidding round will be announced.

Mid/Downstream

Pipeline costs are not included in the upstream cost base. Gas pipelines are owned and operated by PTT while oil pipelines are owned and operated by two companies - Fuel Pipeline Transportation Ltd (FPT) and Thai Petroleum Pipeline Co. Ltd (Thappline). The latter of the oil pipeline companies is the dominant player in the sector.

Downstream

Downstream costs are not included in the upstream field cost base.

Fiscal Regimes

Concessions

The fiscal regime in Thailand is based on a tax/royalty type system. Existing licences are taxed under the Thai I or Thai III regimes. In addition, Chevron operates under a modified version of Thai I. Future licences will be taxed under Thai III (post-20th round) regime.

PSC and Service Contracts have been introduced in 2018. A comprehensive update of the fiscal regime section of this report will be released in Q1 2019.

State Equity Participation

Participation Rate

It is understood that state participation is a negotiated item under the contract terms. Production licences applied for during the 20th and 21st Licensing Round requires a minimum of 5% participating interest by a Thai juristic body with a minimum of 50% Thai ownership.

Carry and Reimbursement

If the state elects to participate in a concession, Wood Mackenzie understands that this option is exercised after the discovery of commercial reserves. Where the right to take a stake in the concession is exercised, the corresponding working interest share of all development, transportation and operating costs will be borne by the state.

Thai companies that wish to hold a participating interest are required to reimburse the production licensee expenditures incurred prior to the date of its participation.

3c. Overview of Vietnam's Oil & Gas Industry

Overview – key areas of interest to E&P Companies

Vietnam has historically had two core producing regions, the Cuu Long and Nam Con Son basins both located off the country's south coast. The Cuu Long Basin, located nearer to the shore, mostly oil-prone, contains the large Bach Ho oilfield plus a number of other producing oilfields. Gas from nearby developments is routed through the Bach Ho gas facilities and piped onshore to market. The Nam Con Son Basin is mostly gas-prone, and is home to the Lan Tay/Lan Do project, which supplies around 35% of Vietnam's gas. From 2024, half of the country's gas production will come from the Malay and Song Hong basins with Phu Quoc POC's Block B and ExxonMobil's Ca Voi Xanh projects expected to come onstream.

Newer projects will progressively add significant gas volumes from 2021. First, Idemitsu's Sao Vang/Dai Nguyet is expected to come onstream by 2021, followed by Cuu Long's Su Tu Trang phase 2 by early 2023. From 2024, we expect Block B and Ca Voi Xanh projects to almost double Vietnam's gas production, reaching a new peak at over 1,500 mmcfd. Until 2021, gas production shouldn't vary as most gas fields are producing at plateau levels. All of Vietnam's gas production is sent to its domestic market.

Liquids production began a downward trend from 2016 and this is expected to continue. Block 09-1(Bach Ho/Rong) is still the largest producer but it has entered terminal decline. In 2017, PETRONAS has relinquished Blocks 01&02 (Ruby) and 01/97&02/97(Thang Long/Dong Do) that were key contributors to Vietnam's oil supply. As a consequence, Block 16-1 (Te Giac Trang) and Block 12W (Chim Sao/Dua) emerged as core suppliers. The lack of sizeable short-term liquids upside means Vietnam's liquids output is likely to continue its decline. Mid-term, additional liquid volumes from Murphy's Lac Da Vang, Block B and Ca Voi Xanh will help to combat production decline.

Most producing assets in Vietnam are operated under a Joint Operating Companies (JOC) model. Unique to Vietnam, the JOCs consists of a partnership between two or more companies agreeing to operate an asset jointly. This model has been used by the Vietnamese and Russian NOCs; forming entities such as Vietsovpetro, Vietgazprom, Bien Dong POC and VRJ Petroleum. The remaining producing assets are operated by IOCs such as Premier Oil, SOCO, Perenco, Eni or Repsol and other NOCs such as PVEP, PETRONAS, Rosneft or KNOC. The Japanese companies are also largely represented. ExxonMobil, who will bring Vietnam's largest gas field to production, is the only Major with a key influence.

Recent oil and gas discoveries have been few and of modest size with no major discovery made since Ca Voi Xanh in 2011. In 2018, two key exploration wells drilled in frontier areas by Eni and Idemitsu discovered gas but in non-commercial quantities. In 2016-2017, Murphy made three small adjacent oil discoveries in Block 11-02/11 and Rosneft hit gas in Block 05-03/11 in 2018.

As part of plans to develop the centre of the country, the Dung Quat refinery was commissioned in early-2010 and four power plants providing up to 3 GW will also be installed from 2024 feeding from the Ca Voi Xanh project. The south of the country will also see an additional three power plants totalling at least 2.25 GW fed by Block B gas from 2024. To secure long-term gas supplies, Vietnam firmed up the construction of two LNG regasification terminals in the southeast of the country.

Consumption and Production of Oil and Gas

Oil

Future Oil Production

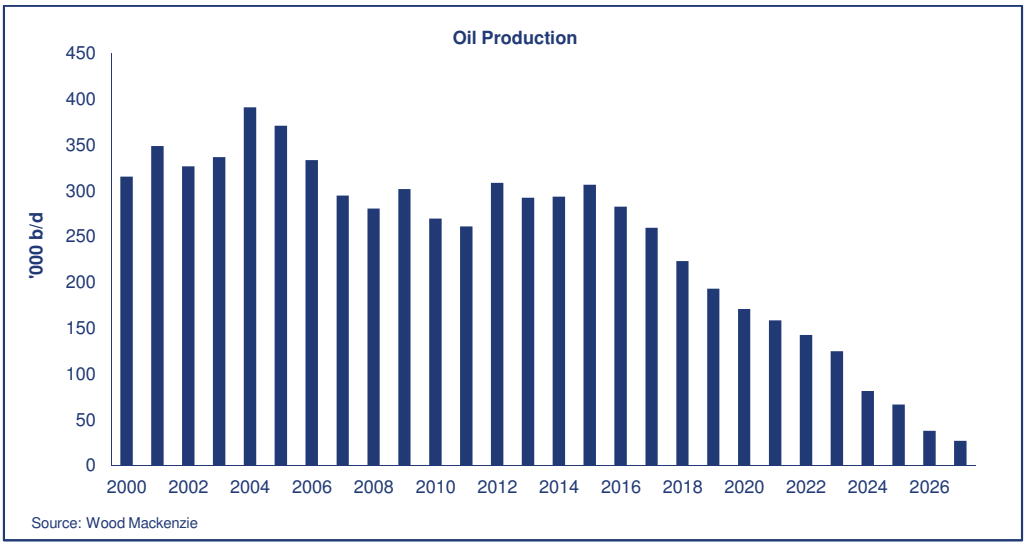
Liquids production began a downward trend from 2016 and we expect this to continue point forward. Key oil fields are in or are about to enter terminal decline, some of them reaching an expected end of life in less than10 years. In addition, production from the Thang Long and Dong Do fields became uneconomical following the oil price downturn, leading the operator to cease production by mid-2017. Short term, Vietsovpetro's Ca Tam oil field is expected to come onstream in 2019 and Murphy's Lac Da Vang project is likely to achieve commerciality in the next two years. However, these additional volumes won't be enough to reverse the overall decline.

Historical Oil Production

Vietnam started oil production in June 1986, when Vietsovpetro brought the Bach Ho field onstream. Production from the field grew to an estimated peak of 285,000 b/d in 2002. The Dai Hung, Rong, Ruby and Rang Dong fields were all brought onstream in the 1990s and contributed to rising liquids production at that time. Production started from the Su Tu Den field in 2003, and peak daily production of around 79,000 b/d was achieved in 2004.

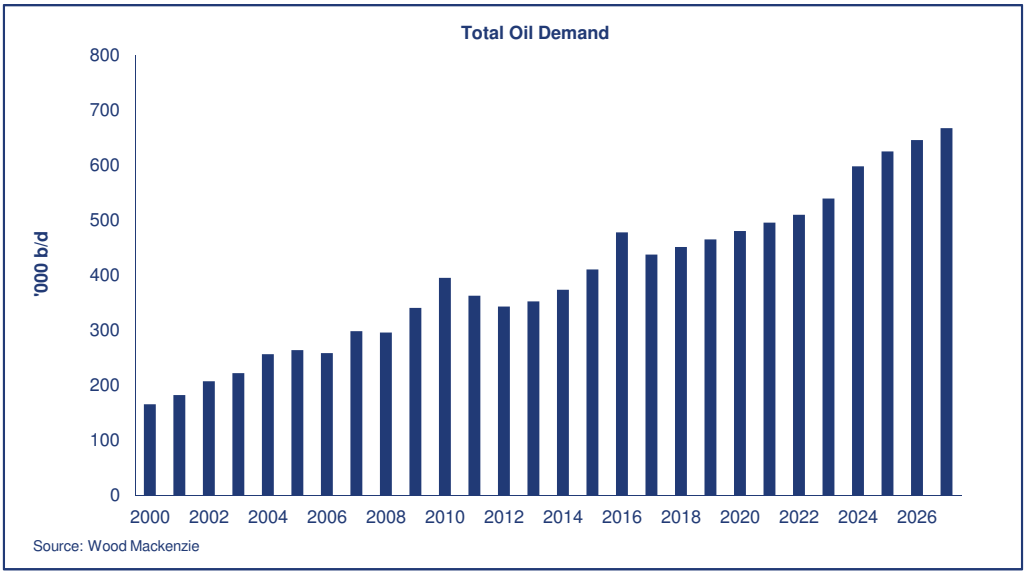
After reaching a peak of 390,000 b/d in 2004, liquids output declined to a 10-year low in 2011 despite additional production coming from new fields such as Song Doc, Phuong Dong, Ca Ngu Vang and Su Tu Vang during the latter half of 2008. The impact of these new fields has been muted by the accelerated decline of the mature Bach Ho and Rang Dong fields and the poorer than expected performance from the Su Tu Vang field.

However, a number of new oil developments in the Cuu Long Basin have pushed production up again to around 310,000 b/d in 2015. Su Tu Nau & Su Tu Vang NE (Block 15-1) and Chim Sao & Dua (Block 12W) fields were the main contributors of this shift.



Oil Demand

As Vietnam's economy develops, the country's total oil demand is forecast to grow to 667 kb/d by 2027. Transport sector demand will make up the bulk of the growth in oil use, led predominantly by robust growth in road use and aviation demand.



Gas

Future Gas Production

From 2021, Vietnam's gas production will start to increase progressively to reach an anticipated peak in 2025-2026. We expect production from 2018 to double in 2025-26 with two key projects coming onstream, namely Block B and Ca Voi Xanh.

Cuu Long and Nam Con Son basins

Additional phases from the Nam Con Son Pipeline 2 will see fields such as Su Tu Trang, Sao Vang and Dai Nguyet to come onstream first between 2021-2023.

Malay basin

In June 2015, PetroVietnam acquired all of Chevron's Vietnamese interests in Block 52/97, Block 48&95 & B and the Kim Long pipeline for an undisclosed amount. Gas prices in Vietnam have historically been low, which has hampered development of gas fields. Although there have been signs of prices rising, the Block B project continues to be stalled by gas price negotiations and government guarantee negotiations. However, the FDP has been submitted and approved and we expect FID to be taken in H1 2019 with first sales gas to be achieved in 2024 at the earliest.

As there is increasing capacity in the PM3-CAA to southern Vietnam pipeline, new gas production could come from a joint development of Jadestone's Nam Do (Block 46), U Minh (Block 51) and PetroVietnam's Khanh My (Block 46/13) gas fields. In August 2015, Jadestone and PetroVietnam signed a Memorandum of Understanding (MOU) to jointly develop the cluster of gas discoveries. We expect the project to take FID in H2 2019 and to come onstream by 2021.

Song Hong basin

In January 2017, ExxonMobil and PetroVietnam signed a framework heads of agreement on Vietnam's largest gas project (Cai Voi Xanh (CVX) development), which included gas sales for the field. CVX is the first integrated project in Vietnam with a pipeline being part of the PSC. The upstream and midstream parts of the projects have progressed smoothly and the operator began FEED in H1 2019. Negotiations around the gas price and government guarantees are still ongoing. We consider CVX likely to come onstream in 2025.

Historic Gas Production

Southern Vietnam

Cuu Long Basin

Historically, gas discovered in the Cuu Long Basin has been associated with oil, and until 1995 it was either flared or re-injected into the field. From April 1995, gas from the Bach Ho field has been transported to shore via a 107 kilometre pipeline. Production rates were augmented by gas production from the Rong field, but both fields are expected to fall in line with oil output. In order to maintain the gas supply to shore, a new pipeline was completed in July 2001, to transport additional quantities of associated gas from the nearby JVPC-operated Rang Dong field through the Bach Ho facilities.

In 2008, sales gas from the Ca Ngu Vang, Su Tu Den and Su Tu Vang fields started via the Bach Ho infrastructure for onwards transmission to shore at Dinh Co. The Te Giac Trang field in Block 16-1 was brought onstream in 2011, and Su Tu Trang (Block 15-1) was brought onstream in H2 2012. In H1 2013, the HSD/HST development on Block 15-2/01, tied into TGT's field facilities, produced its first oil.

Nam Con Son Basin

First sales gas production from the basin began in November 2002 and rose considerably in 2003, as the Lan Tay field entered its first full year of production. The field reached peak production of 475 mmcfd in 2012 and is expected to continue declining going forward. Production from the Rong Doi/Rong Doi Tay development started in December 2006, and the associated gas from the Block 12W fields was developed along with the oil in 2011. Gas production from the basin was increased with the Hai Thach and Moc Tinh fields of Blocks 05-2 & 05-3 and Dua field of Block 12W starting production in 2013 and 2014 respectively. The Ca Rong Do was expected to be onstream in 2020, via Lan Tay's facilities and the Nam Con Son Pipeline 1 but the project has been halted due to geo-political pressures.

A proposal for a new 350 kilometre pipeline to landfall at Dinh Co was approved in 2011. In May 2014, the Russia-Vietnam JV, Vietsovpetro, signed an EPC contract for phase one of the Nam Con Son Pipeline 2 (NSCP2) project with

PetroVietnam Gas (PV Gas), which is a 155-kilometer, 26-inch pipeline from Thien Ung field to Bach Ho's central processing facilities. The first phase of the construction of the NCSP2 was completed in December 2015 and Dai Hung and Thien Ung are the first two fields to feed into this new pipeline.

Malay Basin

To date, the only gas production from the basin comes from the Cai Nuoc field, the unitised portion of the East Bunga Kekwa field that straddles the Malaysia-Vietnam CAA border, and Vietnam's share of PM3 CAA gas output. Construction of a 325 kilometre, 18-inch gas pipeline from PM3-CAA to southern Vietnam was completed in late-2006, and transports Vietnam's portion of gas from the area to the Ca Mau power plant complex.

Northern/Central Vietnam

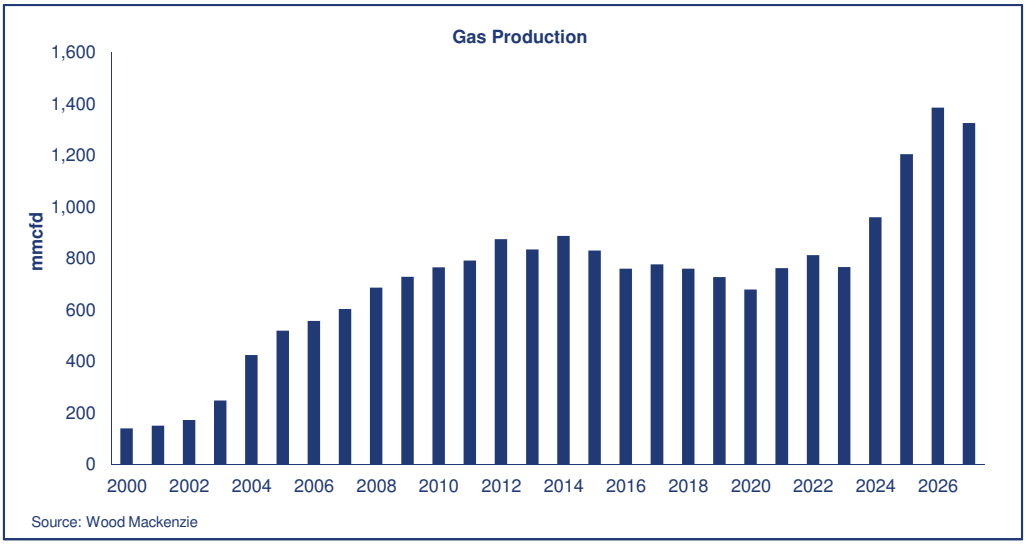
Hanoi Basin

Only one small field produces gas in the Hanoi Basin. The Tien Hai field has provided gas to local industry for over 20 years.

Song Hong Basin

The Ham Rong, Yen Tu and Thai Binh discoveries on Blocks 102&106 are located in the Song Hong Basin, offshore Northern Vietnam. The Thai Binh and Ham Rong gas fields discovered in 2006 and 2008 respectively are developed at Thai Binh with Ham Rong linked via a 50-kilometre pipeline. Gas from Thai Binh is transported via a 19-kilometre pipeline to the Tien Hai Industrial Zone via the gas gathering and distribution system which was completed by PV Gas in late 2015 along with the first gas sales.

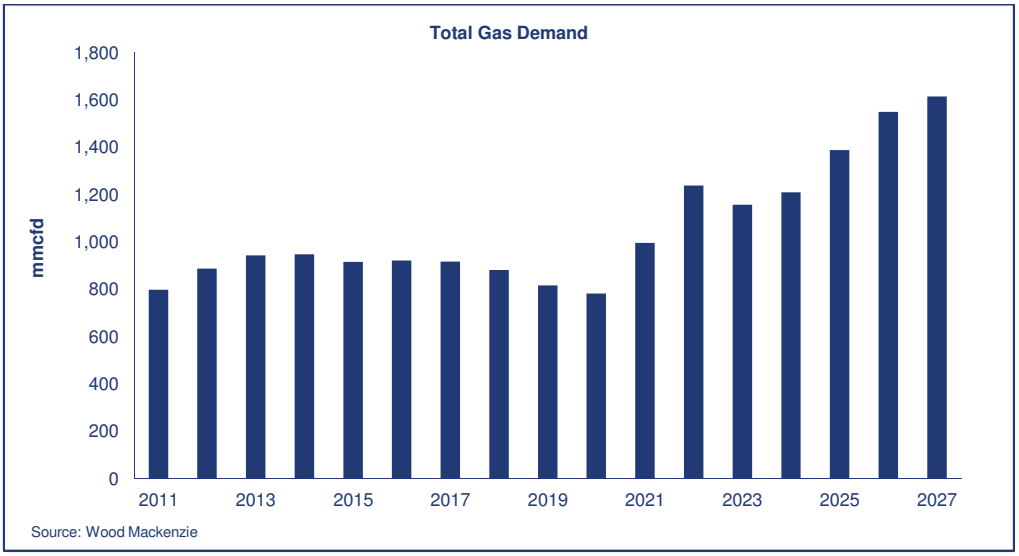
The chart and table below show the gas production figures for fields in Vietnam. It does not include Vietnam's share of production from the PM3 Commercial Agreement Area (CAA) between Malaysia and Vietnam.



Gas Demand

The power sector is the main user of gas in Vietnam. Gas demand is expected to drop until 2020. This decline is driven by the drop in gas demand from the power sector due to more new coal-fired generation. More than 10GW of new coal-fired power plants will be developed in Vietnam until 2020.

The shift to coal has resulted from the lack of material gas developments over the last few years. After 2020, we expect to see new supply projects commence. At the same time, new gas-fired power plants will be commissioned in the medium term. These projects are expected to drive gas demand recovery in Vietnam.



Reserves and Resources

The majority of oil reserves have been discovered in the Cuu Long Basin. The basin is generally oil-prone, with some associated gas. Bach Ho, the first and largest oil and gas producing field in the basin, has been in production since 1986. The Rang Dong, Su Tu Den and Ruby fields, with total 2P reserves of over 500 million barrels of oil, are some of the key fields that have come onstream in the last 10 years. Recent discoveries such as the Te Giac Trang and Ca Ngu Vang fields in Blocks 16-1 and 09-2 respectively, Su Tu Vang and Su Tu Trang in Block 15-1, are helping to offset the production decline from Bach Ho. Short term, we expect Vietsovpetro and Murphy to bring additional oil reserves from their Ca Tam and Lac Da Vang projects respectively.

Arguably, the country's most significant offshore gas find is ExxonMobil's Ca Voi Xanh in Block 118. The field was discovered in 2011 in the Song Hong basin and is believed to hold four tcf of resources. The rest of Vietnam's non-associated gas reserves can be found predominantly in the Nam Con Son Basin. The Rosneft (former TNK-BP)-operated Lan Tay/Lan Do fields in Block 06-1 has recoverable gas reserves estimated to be in the region of 2.4 tcf (plus additional contingent resources). Large gas discoveries have also been made in the KNOC-operated Block 11-2 and Blocks 5-2 and 5-3 (Hai Thach/Moc Tinh), which were relinquished by BP in early-2009. With a growing gas market in south Vietnam, Wood Mackenzie expects other gas resources in the basin to be developed in the near to medium term. The Nam Con Son Basin also has oil potential, as proved by the Dai Hung, Chim Sao, Dua and Ca Rong Do discoveries. Dai Hung started oil production in 1994. Chim Sao was brought onstream in October 2011 and Dua began production in February 2014.

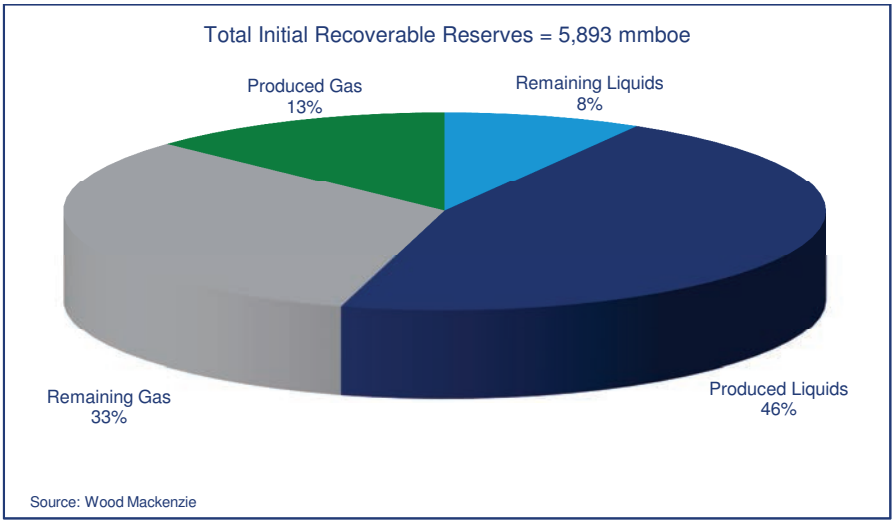
The Malay Basin can broadly be divided into the southern oil and associated gas fields and the northern fields which are generally gas-prone. Chevron has made several large discoveries in the basin including the Kim Long, Ca Voi and Ac Quy fields. The reserve potential of these fields is estimated at around 3.8 tcf, and first commercial gas sales are expected around 2024. Repsol's Cai Nuoc field in Block 46, and PetroVietnam's Song Doc oil field in Block 46/02 are the only two producing fields in the basin.

The geology offshore Vietnam is generally complex and hence there is uncertainty regarding some reserve estimates. For example, at the time of signing in 1993, the Dai Hung field was estimated to contain recoverable reserves of around 500-1,000 million barrels of oil. However, on the back of a five well appraisal programme and disappointing production experience, reserves have been downgraded to well below 100 mmbbl. Similarly, we revised down the resources from Block 15-1 after the operator faced technical challenges with reservoir productivity.

Gas remains relatively unexploited compared to liquids. The start-up of the Lan Tay field, and the commissioning of the Nam Con Son (Lan Tay to Dinh Co) pipeline, marked a major step in the development of Vietnamese gas.

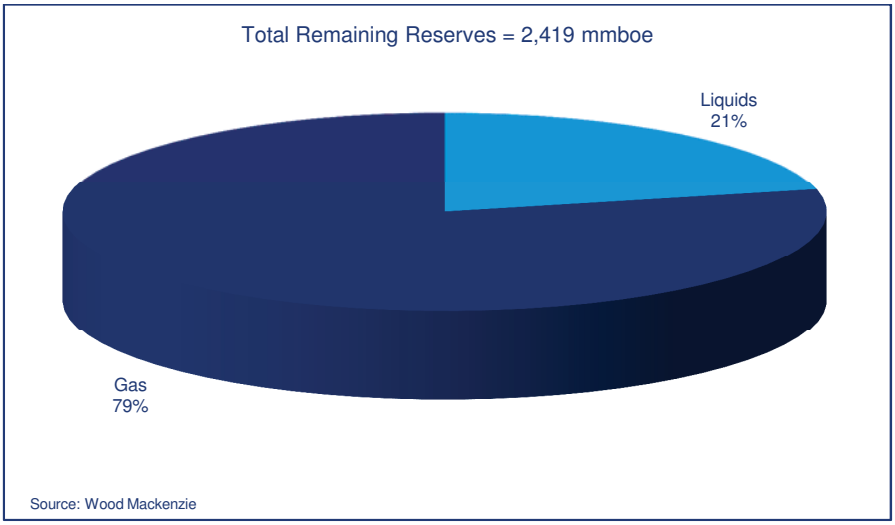
Recent developments include the construction of the gas gathering infrastructure in the Thai Binh/Ham Rong region, the completion of phase one of the Nam Con Son Pipeline 2 (NSCP2) project and the completion of the Dai Hung gas collection project.

Remaining and Produced Liquids and Gas Reserves at 01/01/2018 (p+p)



In addition to the reserves shown below, there are a number of contingent discoveries which are currently undeveloped.

Remaining Liquids and Gas Reserves at 01/01/2018 (p+p)



Key Companies

PetroVietnam

State oil company PetroVietnam (PVN) is the dominant player in the country. Generally using its exploration and production arm (PVEP), it dominates the acreage position and reserves volumes given it has stakes in all commercial projects and has the right to back into exploration acreage. PetroVietnam has the right to take a direct equity stake in any asset, under Vietnam's PSC terms.

NOCs

It is the most represented peer group in Vietnam. Russian NOCs have a particularly strong presence whether present via a Joint Operated Company model or on their own.

- Zarubezhneft is present as part of the Vietsovpetro company (PVN: 51%, Zarubezhneft: 49%) in Blocks 09-01 (Bach Ho/Rong), 09-3/12 (Ca Tam), 16-1/15, 12/11, 04-3 (Thien Ung) and 42. Zarubezhneft is also part of the VRJ Petroleum Company (Zarubezhneft: 50%, PVEP: 35% and Idemtsu: 15%) that operates the Block 09-03. The Russian company is consequently involved in the largest oil producing fields of the country.

- Gazprom is present as part of the Vietgazprom company (PVEP: 50%, Gazprom Zarubezhneftgaz: 50%) in Blocks 111/04, 112, 113, 129, 130, 131, and 132. Gazprom is also part of the Bien Dong Petroleum Operating Company (Vietgazprom: 49%, PVN: 51%) that operates the gas fields of Block 05-2 & 05-3 (Hai Thach/Moc Tinh).

- Rosneft operates the key gas project of Block 06-1 (Lan Tay/Lan Do) and the exploration Block 05-03/11.

- PTTEP holds a non-operated interest in Blocks B&48/95 and 52/97, a key gas asset expected to strongly contribute to the country's future gas production. PTTEP is also present in two important oil fields, in Blocks 9-2 (Cai Ngu Vang) and 16-1 (Te Giac Trang) as part of the Hoan Vu JOC and Hoang Long JOC respectively.

- PETRONAS Carigali operates Blocks 01&02 (Ruby) as well as Blocks 102&106 (Thai Binh). The Malaysian NOC is also present as part of the Lamson JOC (PETRONAS Carigali: 50%, PV: 50%) in Block 01/97&02/97 (Thang Long/Dong Do). However, we understand that both Blocks 01&02 and 01/97&02/97 have been given back to PVN by PETRONAS Carigali in 2017. Petronas Carigali holds a non-operating interest in Block 46 (Cai Nuoc).

- KNOC operates the Rong Do oil field in Block 11-2 and is present in the Cuu Long JOC (KNOC: 14.25%, PVN: 50%, Perenco: 23.25%, SK Innovation: 9%, Geopetrol: 3.50%) in Block 15-1 (Su Tu Den).

- ONGC operates the exploration Block 128 and holds a 45% non-operating interest in the Block 06-1 (Lan Tay/Lan Do).

- Mubadala holds non-operating interests in Block 07/03 (Ca Rong Do) and exploration Blocks 135 and 136/03.

- CNPC holds a non-operating interest in Block 102&106.

Japanese players

Japanese companies are also largely represented in Vietnam. Their share of reserves has increased over time with participation in key gas assets.

- Idemitsu operates the Block 05-1b and 05-1c (Sao Vang/Dai Nguyet) that took FID in April 2018 as well as exploration Block 39&40/02. Idemitsu is also present as part of the VRJ Petroleum Company in Block 09-03.

- JXTG (through the JX Nippon Oil & Gas Exploration Corporation) and INPEX hold a non-operating interest in Block 05-1b and 05-1c. JXTG operates the Block 15-2 (Phuong Dong/Rang Dong) as part of the Japan Vietnam Petroleum Company (JVPC).

- Sumitomo Corporation holds a non operating interest in Block 39&40/02.

- Mitsui holds a non-operating interest in Blocks B&48/95 and 52/97.

IOCs

IOCs became more prominent in the corporate landscape after picking up key assets notably through M&A operations. They have strong volume and acreage positions, sometimes coupled with strategic interests in midstream assets.

- Perenco entered Vietnam through its purchase of ConocoPhillips' assets in 2011. The French company is present as part of the Cuu Long JOC in Block 15-1 as a non operated interest in Block 15-2. In the midstream segment, the company also holds 16.33% of the Nam Con Son Pipeline 1.

- SOCO is present in Blocks 09-02 and 16-1 as part of the Hoan Vu JOC and Hoang Long JOC respectively. It also operates exploration blocks 125 and 126.

- Premier Oil operates the Block 12W (Chim Sao/Dua).

- Repsol inherited a large acreage following its acquisition of Talisman. It operates the blocks 07/03 and 46 as well as six exploration blocks (133, 134, 135, 136/03, 146 and 147). Repsol is also part of the Thang Long JOC (Repsol: 60%, PVEP: 40%) in Block 15-2/01.

- Murphy operates the Blocks 11-2/11 and 15-1/05 (Lac Da Vang), each containing sizeable oil resources. Murphy also holds exploration acreage in Blocks 144 and 145.

Majors

The Majors have been largely absent from Vietnam and are still under-represented. Although there are currently only two Majors operating in Vietnam, they are leading in terms of volumes and acreage positions.

- ExxonMobil is the largest resource holder (excluding PetroVietnam) with its Ca Voi Xanh gas discovery in the Song Hong basin. The Major used to hold a large acreage position including six other exploration blocks - mainly in the contested waters of the South China Sea - but relinquished them in 2017.

- Eni holds significant exploration acreage as operator of five blocks: 114, 116, 120, 122, 124.

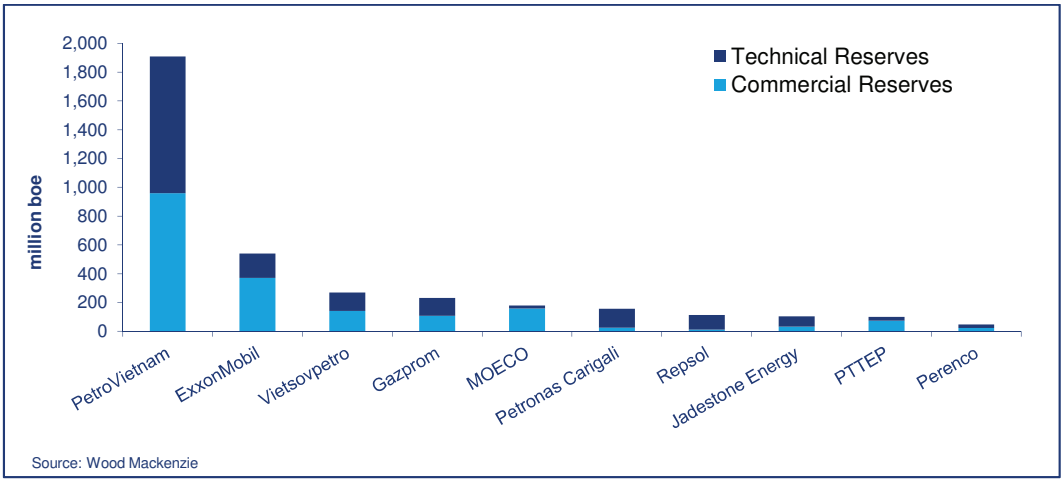
Regional players

- Jadestone Energy (ex-Mitra Energy) is operating the Block 46-07 and 51 containing the Nam Du and U Minh gas discoveries fields respectively.

- KrisEnergy operates exploration block 115/09 and has interest in exploration Block 120.

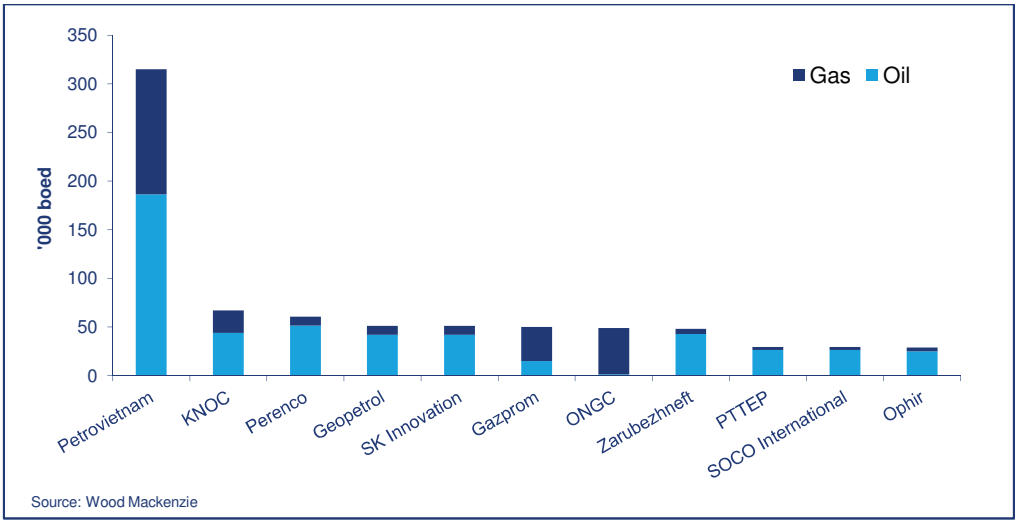
The figures shown in the chart below do not include reserves held within the Malaysia/Vietnam Commercial Agreement Area (CAA).

Remaining Commercial and Technical Reserves at 01/01/2019



Source: Wood Mackenzie

Liquids and Gas Production 2018



Infrastructure

Oil Infrastructure

Until 2009 there were no operational oil refineries or oil pipelines in Vietnam. Most oil field developments used floating production, storage and offloading facilities (FPSOs). This minimised upfront capital expenditure, thus improving the economics of Early Production Schemes, particularly if it is decided not to proceed with a Full Field Development.

In November 1997, PetroVietnam signed an agreement to jointly construct Vietnam's first oil refinery at Dung Quat. The plant was originally to be financed by the PetroVietnam/Zarubezhneft Joint Venture, Vietross, but, in October 2003, Zarubezhneft withdrew from the project. Construction of the plant was originally due to be completed in 2003, but the plant faced a number of delays and was only finished in February 2009, with commissioning occurring in 2010. The plant has a nameplate capacity of around 130,000 b/d (equivalent to 6.5 mt/year). The Engineering and Procurement contracts were awarded in June 2005, to a Technip consortium. There are plans to expand the Dung Quat refinery to 170,000 b/d (equivalent to 8.5 mt/year) by 2023.

The central location of the Dung Quat refinery is 900 kilometres from the producing fields in the south of the country. Upstream field development utilising FPSOs is therefore likely to continue, with produced crude either exported or transported to the new domestic refinery complex.

PetroVietnam's Nghi Son refinery-petrochemical complex, with a name plate capacity of 200,000 b/d, commenced operations in June 2018. Located in the Thanh Hoa province, the complex is owned 25.1% by PetroVietnam, 35.1% by Kuwait Petroleum International (KPI), 35.1% by Idemitsu Kosan and 4.7% by Mitsui. The project broke ground in June 2008 and EPC works began in July 2013 by a consortium comprising of JGC Corporation (Japan) as the leader and other members: Chiyoda (Japan), GS E&C (Korea), SK E&C (Korea), Technip France (France) and Technip Geoproduction (Malaysia). Due to construction and test run issues, the refinery start-up was delayed till this year.

Several grassroots refinery investments have been discussed previously but are unlikely to start up before 2025. Long Son refinery-petrochemical complex, located in the Ba Ria-Vung Tau province, is planned to boast 200,000 b/d of refining capacity. It is a joint-venture between PetroVietnam, Siam Cement Public (SCG), Thai Plastics and Chemicals (TPC) and Qatar Petroleum International (QPI). Progress on advancing the refinery project has stalled, and the petrochemical complex has progressed ahead with the recent award of EPC contracts.

Vung Ro refinery, with a planned capacity of 160,000 b/d, started construction in 2014 but has experienced prolonged delays since then due to cited reasons of land clearance difficulty and weakening Russian rubble which has increased cost of implementation. In addition, the Binh Dinh refinery project, with a 400,000 b/d planned capacity, originated as a joint-project between the Government of Vietnam (20%), PTT (40%) and some private investors (40%). However, the project was officially cancelled in 2016 post its project feasibility assessment.

Gas Infrastructure

Southern Vietnam

Only a small number of fields produce commercial gas for sale to the Vietnamese market - with gas pipeline infrastructure concentrated around the Bach Ho field in the Cuu Long Basin and Block 06-1 in the Nam Con Son Basin. Gas is supplied into southwestern Vietnam via a pipeline from the Malaysia-Vietnam CAA.

Cuu Long Basin

The first gas pipeline to become operational in Vietnam transports associated gas from the Vietsovpetro-operated Bach Ho field to shore, for use in power generation at Ba Ria and Phu My. The system was developed in two phases. Phase I included a 16- inch, 107 kilometre long offshore section, and a 9 kilometre onshore section which links Dinh Co to the 185 MW power station at Ba Ria. The pipeline began full-scale operations in April 1995.

Phase II included an extension of the pipeline to a power generation facility at Phu My. In addition, a compression platform on Bach Ho was installed, and a gas processing terminal and LPG plant were constructed at Dinh Co. The compression platform was brought onstream in February 1998, while the LPG plant became fully operational in 1999.

To increase the utilisation of the Bach Ho to Ba Ria and Phu My pipeline, since the end of 2001 associated gas from the Rang Dong field has been exported to the Bach Ho field via a 45 kilometre, 16-inch, 100 mmcfd pipeline, and from there transported to shore. This has allowed the associated gas from Rang Dong, which had historically been flared, to be utilised.

Associated gas from the Ca Ngu Vang, Su Tu Den and Su Tu Vang fields was brought onstream in late-2008 and all utilise existing Bach Ho facilities for transport to shore.

Nam Con Son Basin

The 399 kilometre, two-phase pipeline from Lan Tay to the Phu My power and industrial complex was completed in 2002. The pipeline has been designed with a capacity of around 700 mmcfd, potentially allowing further gas discoveries in the Nam Con Son Basin to be tied in at a later date. KNOC's Rong Doi/Rong Doi Tay development has already started using the pipeline to deliver gas to shore.

The 370 kilometre, 26-inch, offshore section of the pipeline comes ashore at Long Hai in southern Vietnam, from where it continues to the gas processing terminal at Dinh Co, located approximately nine kilometres inland. The Dinh Co plant produces dehydrated gas and condensate, with condensate piped to a storage and export facility at Phuoc Hoa. Processed gas is then transported a further 29 kilometres to Phu My by a 30-inch pipeline. The terminal capacity was expanded to 700 mmcfd in 2006 and was later certified and increased to 740 mmcfd in 2011, due to further optimization of the terminal.

Gas from Lan Tay is used in power generation and fertiliser production at the Phu My power and industrial complex. The Phu My site, near Ho Chi Minh City, is about 40 kilometres from the Nam Con Son pipeline landfall and is a major focus of IPP interest. In Q3 2013, the Hai Thach and Moc Tinh gas fields began supplying gas into this region via the existing Nam Con Son pipeline.

Gas from Premier's Chim Sao and Dua fields (Block 12W) is transported to the existing Nam Con Son pipeline via a 100 kilometre spurline since production began in October 2011 and July 2014 respectively.

A proposal for a new 350-kilometre pipeline to landfall at Dinh Co was approved in 2011. In May 2014, the Russia-Vietnam JV, Vietsovpetro, signed an EPC contract for the phase one of Nam Con Son Pipeline 2 (NSCP2) project with PetroVietnam Gas (PV Gas), which is a 155-kilometer, 26-inch pipeline from Thien Ung field to Bach Ho's central processing facilities. The first phase of the construction of the NCSP2 was completed in December 2015. Dai Hung and Thien Ung were the first two fields to feed into this new pipeline. Other nearby fields such as Su Tu Trang, Sao Vang and Dai Nguyet are expected to follow in the coming years via additional development phases.

Malay Basin

Construction of a 325-kilometre, 18-inch gas pipeline from PM3 CAA to southern Vietnam was completed in late-2006, and transports Vietnam's share of gas from the area to the new Ca Mau power plant complex. Worley was awarded the FEED for the pipeline, which includes the design, a landfall gas station and gas distribution hub. The EPIC contract was awarded to Vietsovpetro in 2005, who then sub-contracted the construction engineering, partial procurement and installation of the pipeline to J Ray McDermott.

PetroVietnam is also planning a 380-kilometre pipeline from the Ac Quy, Ca Voi and Kim Long gas discoveries to power station complexes in Ca Mau and O Mon. Construction of the pipeline is contingent on the gas sale and purchase agreement for Blocks 52/97 48/95 and B being finalised. We currently assume first gas will be achieved in 2024.

Northern/Central Vietnam

Blocks 102, 103, 106, 107 and MVHN/12KS are located in the Song Hong basin. Further down the southern part of the Song Hong Basin, more recent discoveries within Blocks 113 and 118 could provide gas to the region post 2020. While there have been major discoveries in the Song Hong Basin which could supply the central and northern provinces, the regions have no established gas infrastructure at the moment. In the medium to long term, gas pipeline infrastructure in the central and northern regions will have to be built to facilitate the development of the region.

Hanoi Basin

Production from Tien Hai was originally used for power generation, however, production from the field is now only sufficient to supply the local ceramics industry. Local infrastructure is used to transport the estimated two mmcfd of gas.

Song Hong Basin

The Thai Binh project in offshore Northern Vietnam started production in late 2015. The project included the construction of a 16-inch, 24-kilometre gas pipeline connecting the offshore Thai Binh field in Blocks 102/106 to the Tien Hai Industrial Zone via a gas gathering and distribution system which was completed by PV Gas in 2015. The pipeline is designed to allow the future tie-in from the Hac Long and Bach Long fields in Blocks 103/107, located around 50 kilometres from the Thai Binh field. There are also plans to increase natural gas distribution via CNG. A 16 mmcfd CNG factory is expected to be built under the second phase of the Thai Binh - Tien Hai pipeline development.

Exxon Mobil is planning to build a 88 km-long pipeline from the Ca Voi Xanh gas field to the shore in order to feed four 750MW gas power plants separated in two neighbouring central provinces. The project is expected to start in late 2024-early 2025.

Policy and Regulation

Key legislation

The Vietnam upstream sector is based on the Production Sharing Contract (PSC) fiscal system and is regulated by PetroVietnam (PVN).

1993 Petroleum Law and July 2000 Amendment

On 1 September 1993, a new Petroleum Law became effective covering upstream oil and gas operations. The new terms were not retroactive and applied only to new contracts. The law provides for foreign oil investment, through petroleum contracts entered into with the state oil company, PetroVietnam. In addition, the law contains provisions defining and regulating the conduct of petroleum operations in Vietnam. The Petroleum Law was supplemented and amended in July 2000. The updated law includes amended articles on petroleum contract durations, obligations, rights and contract taxation terms, and also formally defined petroleum investment promotion projects that are subject to incentive terms. The amended law has not significantly impacted contracts signed prior to July 2000.

Foreign Investment Law

Other legislation applicable to upstream oil and gas activities includes the Foreign Investment Law, under the terms of which foreign investment has to be approved by the State Commission for Co-operation and Investment (the SCCI), which issues all business licences.

State oil company

The structure of Vietnam's national oil and gas corporation, PetroVietnam, has undergone various reorganisations since 1980. However, PetroVietnam remains responsible for all petroleum activities in the country, and holds all rights over

non-allocated areas. PetroVietnam, which is funded by the Vietnamese government, was originally controlled by the Ministry of Heavy Industry (MHI) but is now under the direct control of the Prime Minister.

PetroVietnam's central management in Hanoi acts as the supervisor for the upstream petroleum industry through different departments. Earlier, the Petroleum Investment and Development Company (PIDC), was responsible for the supervision and administration of the PSCs during the exploration phase and for new investments, both domestically and overseas. However, PIDC ceased to exist in May 2007 and its responsibilities were taken over by PetroVietnam itself. Separate departments for contracts monitoring and new investments were set-up following this change. PetroVietnam Exploration and Production Company (PVEP) is responsible for overseeing PSCs where commercial reserves are in production or under development. PetroVietnam, however, controls all aspects of the terms of the PSC including awards, commitments and extensions.

State participation

PetroVietnam has the right to take a direct equity stake, under the terms of the PSC. Its share of capital investment, term of participation, reimbursement of expenses incurred by the Contractor, and operating agreement are stipulated in the petroleum contract. Contract awards in the prospective Cuu Long Basin have seen PetroVietnam and foreign contractors set up Joint Operating Companies with PetroVietnam taking a significant equity stake, in the region of 20-50%. The Joint Operating Company structure enables PetroVietnam to take a more active presence in contract management through representation in joint management committees.

As an incentive for frontier areas, the terms of the 2005 deepwater licensing round allowed PetroVietnam to take up to a 20% interest in the event of a commercial discovery.

Recent and Future Licensing

In 2017, SOCO was awarded the Blocks 125 and 126, two adjacent exploration blocks located nearby the coast in the Phu Khanh basin. Before the end of 2018, Murphy is expected to sign the 15-2/18 PSC, that should follow the terms of their current 15-1/5 block.

No licensing round is planned for 2019 and we consider that ad hoc awards will still be the trend for at least the next two years.

All petroleum licence negotiations are carried out through PetroVietnam. The official signing of the contractual arrangements is conducted in Hanoi. Initially, as the government tried to attract foreign investment post-1987, it did not announce any formal licensing rounds. Prospective contractors simply approached the Vietnamese authorities to discuss their proposals. However, the relinquishment of most of Vietsovpetro's Nam Con Son Basin acreage in 1991 persuaded the government to formalise the licensing procedure, although bilateral negotiations are still the most common form of PSC award.

General Contract Terms

- The term of the contract is 25 years, and for frontier areas the maximum contract length is 30 years. Contract extensions of up to five years may be granted if commercial production exists at the end of the initial 25 or 30 year period. In addition, the PSC duration period can be extended by up to seven years to enable commercialisation of gas discoveries.

- The exploration period is generally five years (seven years for frontier areas or natural gas projects) in which the contractor is obliged to complete an agreed work obligation. The five-year period is usually sub-divided into three subperiods. The precise length is negotiable, but an initial three plus two one-year periods is common. Negotiated extensions are also common.

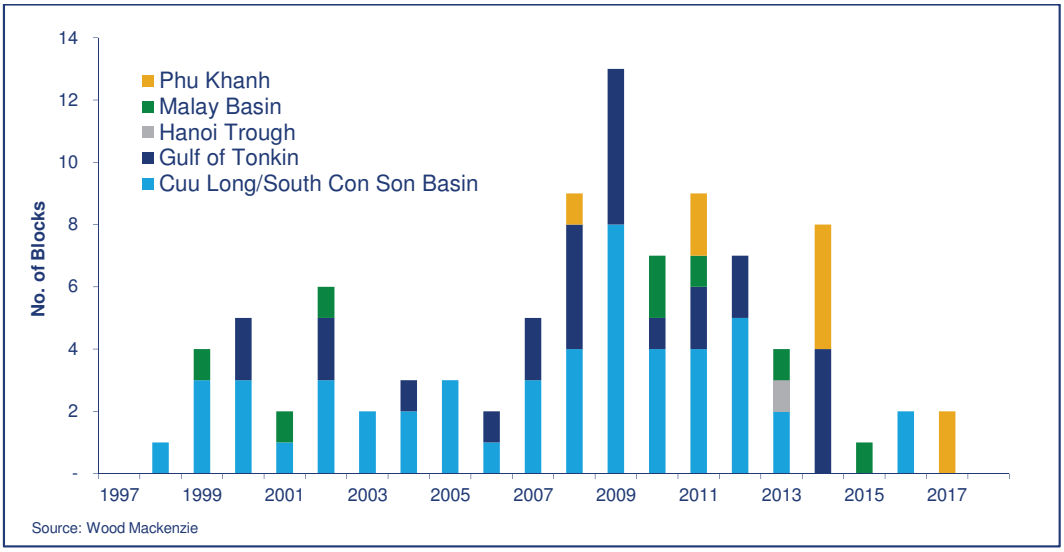
- The contractor has the option to terminate the PSC at the end of each sub-period, provided that the minimum work obligation has been met.

- Also at the end of each sub-period, the contractor is obliged to surrender a pre-negotiated percentage of its initial contract area. A typical relinquishment schedule is 25%, 25% and 50%.

- If a commercial discovery is made, the contractor must submit to PetroVietnam a "Declaration of Intent to Develop" (DID). The two sides would then negotiate a mutually acceptable "Development Area" encompassing the discovery which would then be exempt from future acreage relinquishments. However, failure to develop the prospect within five years of DID approval gives PetroVietnam the option to relinquish the Development Area if it so desires.

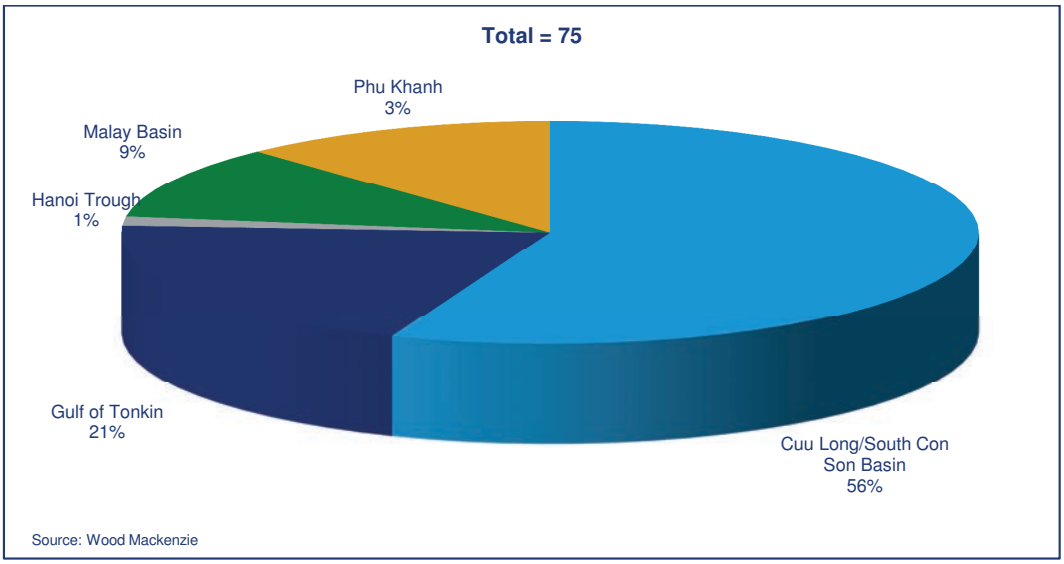
- Each exploration licence is a separate ring fence. A single exploration contract may, except in special circumstances, cover a maximum of two blocks.

Active Blocks Awarded by Region



Source: Wood Mackenzie

Active Blocks by Region



Source: Wood Mackenzie

Fiscal Terms

Current Fiscal Terms

Upstream

All foreign companies operating in Vietnam do so under the terms of a Production Sharing Contract (PSC). PSCs normally include the following main fiscal parameters:

- royalty
- cost recovery
- profit share
- income tax
- export duty
- bonuses
- VAT

PSCs currently active in Vietnam can be divided between three different vintages: Pre-1993, Post-1993 and Frontier. Details of individual PSCs remain confidential, however, the fiscal terms section gives an indication of typical terms.

In 2005, PetroVietnam undertook a deepwater licensing round for the Phu Khanh Basin, off the southern central coast of Vietnam, for which it announced revised PSC terms. The new terms, which were introduced as an incentive to foreign investment, include longer exploration terms, lower tax and royalty rates, and biddable profit splits for foreign investors. Similar incentives were available in the 2007 Song Hong Basin bidding round.

PetroVietnam had indicated incentives would be introduced as part of the 2011 licensing round, but it is not known what these were.

In June 2013, new regulations were introduced concerning future PSC awards. The key changes included:

- More fiscal terms relating to signature bonus', incremental production bonus', environmental tax and surcharge for oil profits. These charges are not cost recoverable.
- PetroVietnam's share of exploration cost must be covered by the main contractors, although these costs are recoverable following a commercial discovery.
- PetroVietnam only has 120 days to exercise pre-emptive rights to the interest of a block that is transferred from a contractor to a third party.
- PetroVietnam is able to terminate PSCs where operators do not proceed with development plans and meet production targets.
- Revision of the stabilisation clause that may see additional financial liability imposed as a result of new taxes and fees.

Midstream

The most significant pipeline in Vietnam is the Nam Con Son Pipeline which transports gas from the TNK Vietnam-operated Lan Tay field 370 kilometres to shore. The pipeline is operated under a Business Co-operation Contract and is ring-fenced from the upstream development. Wood Mackenzie understands that the pipeline company is paid a tariff by users of the pipeline. Details are confidential regarding the fiscal regime of the pipeline, but we have assumed that the pipeline pays a flat 10% income tax rate, following an initial eight-year exemption.

State Equity Participation

Participation Rate

PetroVietnam has the right to take a direct equity stake under the terms of the PSC upon signing of the contract. PetroVietnam's participation percentage is negotiable and is determined by the individual contracts. Recent contract awards, especially in the prospective Cuu Long Basin, have seen PetroVietnam and foreign contractors set up Joint Operating Companies with PetroVietnam taking a significant equity stake, in the region of 20-50%. The Joint Operating Company structure gives PetroVietnam a more active presence in contract management through representation in joint

management committees. Recent deepwater licences signed in the Phu Kahn Basin allow PetroVietnam to take up to 20% equity in the PSCs in the event of a commercial discovery.

Carry and Reimbursement

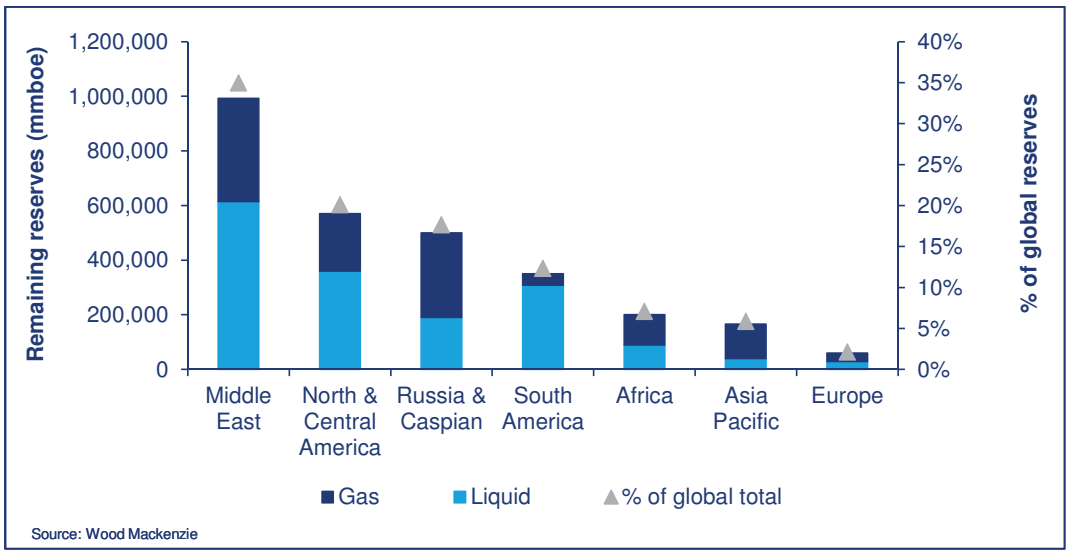
The state's share of capital investment, term of participation, reimbursement of expenses incurred by the Contractor and operating agreement are stipulated in the petroleum contract.

In the majority of contracts, PetroVietnam will pay its share of costs, including those in exploration. The current contract model provides that the contractor will recoup its carried cost from PetroVietnam's share of the cost recovery pool, and in a few cases, an additional percentage (50%) of PetroVietnam's share of profit oil. Only when the contractor has fully recouped the carried cost does PetroVietnam start to recover its cost as per its participating interest.

4.Global Oil and Gas Market

Global reserves by region[1]

Wood Mackenzie estimates total global commercial oil and gas reserves at approximately 2,838 billion boe[2] at year-end 2018, with the Middle East region accounting for 35% of the total, followed by North & Central America (20%), Russia & Caspian (18%) and South America (12%).



Global oil and gas consumption

Crude oil demand by region

Wood Mackenzie projects oil demand will increase from 85.3 million b/d in 2018 to 87.1 million b/d in 2022, equating to a 0.5% average annual growth rate. Despite demand receding in Europe (where oil demand declines over the next five years), the rest of the world will provide continued demand growth, albeit at a slower pace compared to previous years. Wood Mackenzie expects that the volumetric demand for oil in Asia Pacific will surpass the total increase in demand from the rest of the regions, with 1.12 million b/d of additional demand expected between 2018 to 2022, or an average annual growth rate of 0.9%. This demand growth is underpinned by increased transport demand in China and India. The implications for Asia Pacific include a continued (and growing) dependence on imported oil with regional governments focused on increasing domestic supply.

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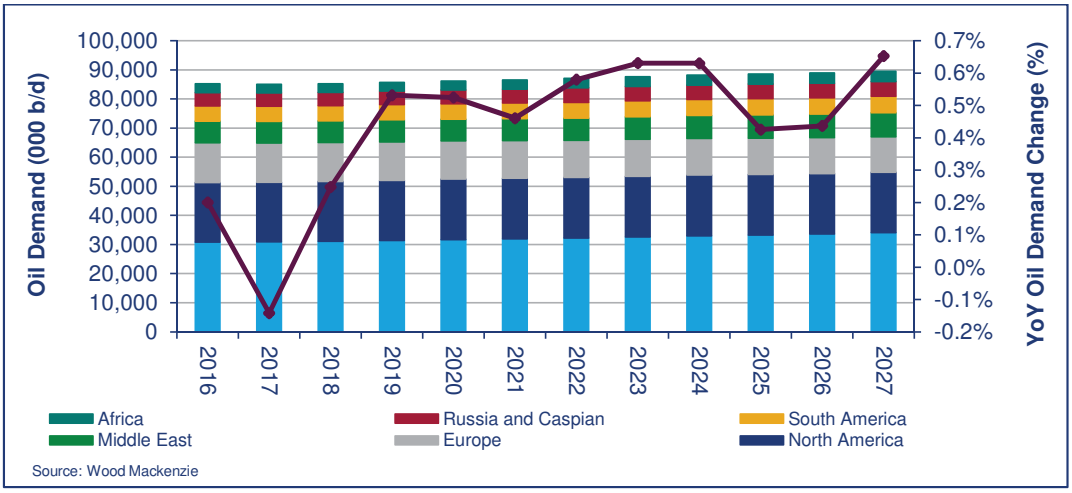
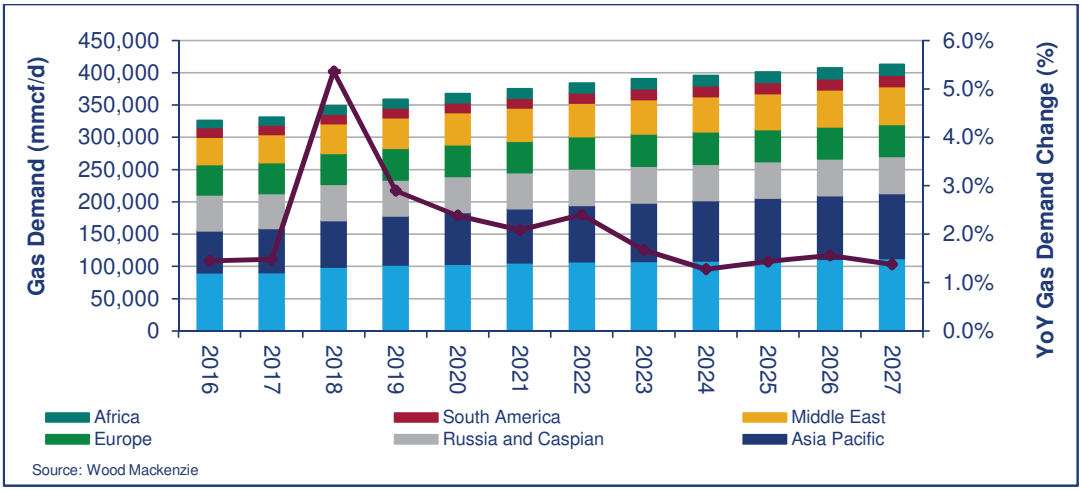
[1] *Using Wood Mackenzie's methodology, commercial reserves are broadly equivalent to proven and probable reserves. In particular, Wood Mackenzie considers commercial reserves to be fields which are currently in production, under development or regarded as probable developments. Fields under development are fields where the development plan has been approved by the government authorities and the field participants have made the final investment decision for the project to proceed. Probable developments are discoveries where reserve estimates have been sufficiently proved-up and any development plan would be economically viable. Wood Mackenzie would expect probable developments to be either on-stream or under development within a five-year timescale.*

[2] *This includes both technical and commercial reserves*



Gas consumption by region

In Wood Mackenzie's view, gas looks set to take on a greater role globally, with gas consumption expected to steadily increase into the future, from 348.9 bcf/d in 2018 to 384.3bcf/d in 2022, equating to an average annual growth rate of 2.4%. The main regions that contribute to this rise (volumetrically) are Asia Pacific, North America, and the Middle East with gas demand in Asia Pacific growing at an average of 4.9% per year between 2018 and 2022. The Chinese gas market remains the largest driver for Asia gas demand growth. Recent policy initiatives in China related to incentivising gas usage as a path to a lower-carbon future will underpin longer term gas demand.



Global oil and gas production

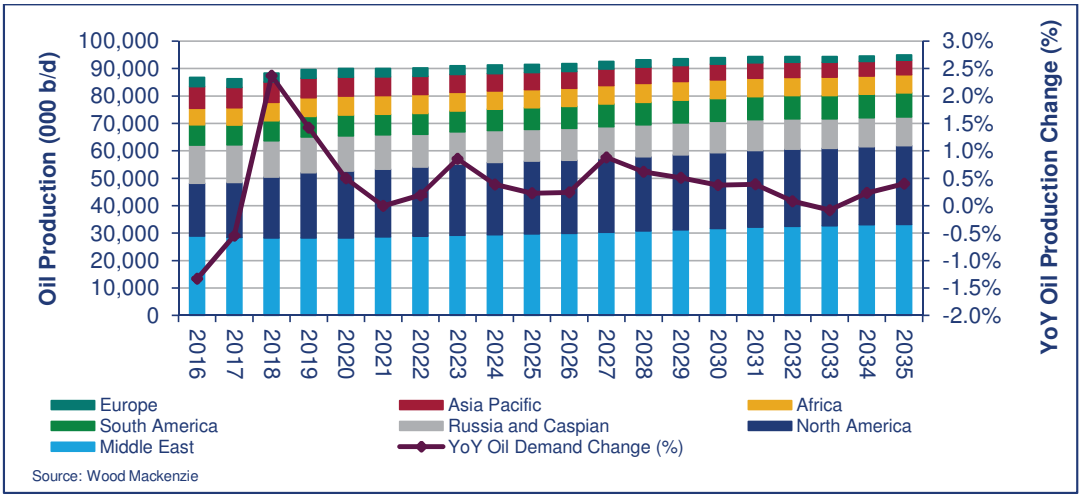
Crude oil production by region

Based on Wood Mackenzie estimates, global oil production is set to rise from 88.3 million b/d in 2018 to 90.2 million b/d in 2022, at an average annual growth rate of 0.5%. This is led by projected growth in production in North America (CAGR 2018-22: 3.2%), Middle East (CAGR 2018-22: 0.6%), and Africa (CAGR 2018-22: 0.5%). Production declines in Russia and Caspian (CAGR 2018-22: -2.5%) and Europe (CAGR 2018-22: -1.6%).

Excluding 2018 and 2019, the US Lower 48 production forecast has been revised lower for most years through 2035. The ultimate potential of US Lower 48 oil production is highly price dependent and there are a number of additional risk

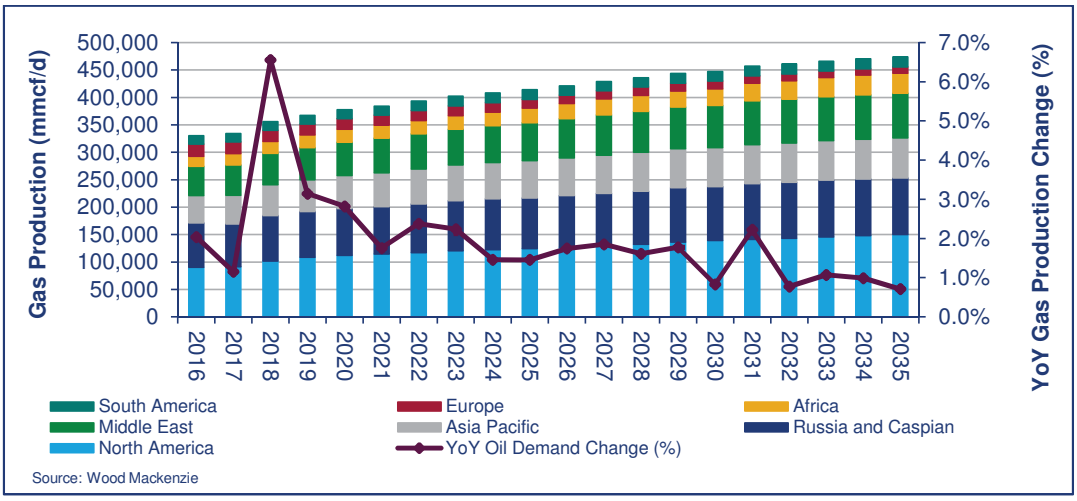
factors, including: Higher than expected gas-to-oil recoveries, parent-child well communication issues, companies targeting cash flow neutrality and a reduction in labour force.

In Asia Pacific, oil production between 2018 and 2022 is set to decline at an average annual rate of 2.8%, as the region's current producing fields mature and primarily smaller oil discoveries are made.



Gas production by region

Wood Mackenzie expects a 2.5% average annual increase in global gas production, from 356 bcf/d in 2018 to 393 bcf/d in 2022. While the North America and Russia & Caspian regions are expected to maintain their positions as the leading producers of gas globally, Asia Pacific is expected to grow its gas production at an annual average rate of 3.4% between 2018 and 2022,. This production growth is primarily driven by increases in Chinese (conventional and unconventional) and Australian (LNG) output; additionally, gas production in South East Asia is also increasing.



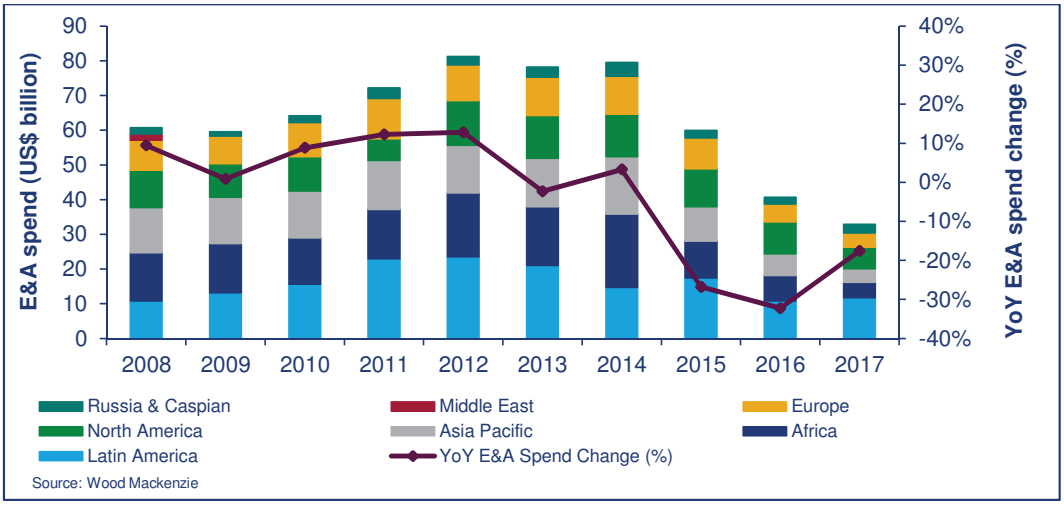
Global E&P Spending Outlook

Exploration & Appraisal ("E&A") spend by region

The exploration industry is expected to emerge from the downturn with gradual change through to 2018. Most companies will maintain a cautious approach to exploration in the short-term with industry investment and well counts expected to remain low. There have been a diminishing number of explorers and corporate diversity is low. As much of the industry will chase similar opportunities, basin diversity could narrow and lead to sharper competition that would erode margins. Growth in exploration is expected to be led by unconventional and deep water discoveries.

E&A spend decreased from USD 60.7 billion in 2008 to USD 34.8 billion in 2017. E&A spend peaked at USD85.2 billion in 2014, corresponding with the period of elevated oil prices and subsequent cost escalation in the service sector. In Asia Pacific, E&A spend fell from USD 13.0 billion in 2008 to USD 4.0 billion in 2017, down 70%. As a percentage of global E&A spend, Asia Pacific has fallen from 21% in 2008 to 11% in 2017 reflecting the maturity of its basins.

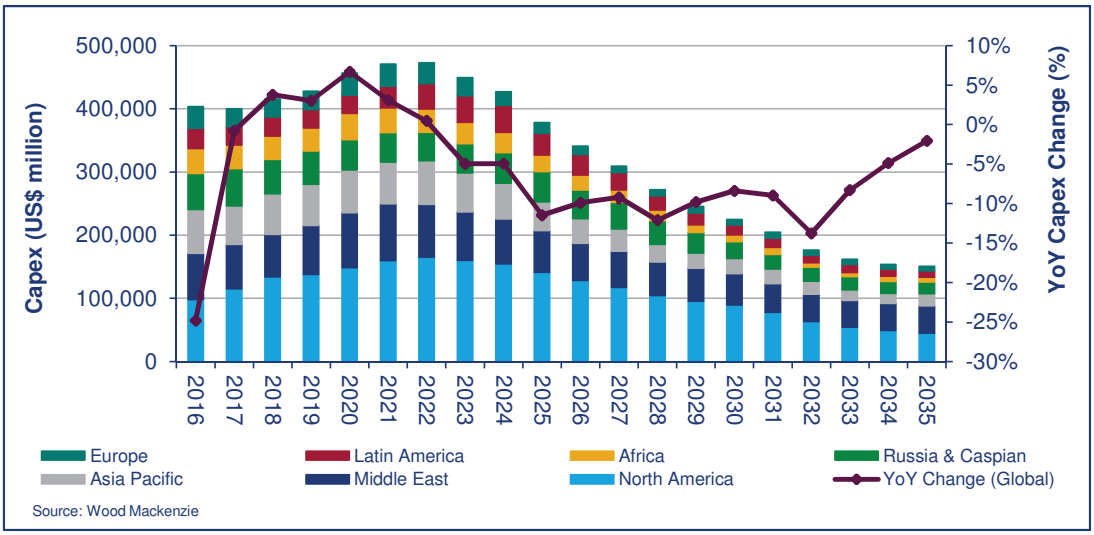
Lower oil prices since 2014 have manifested in a drop-off in exploration spending globally, as companies have retreated from higher-risk frontier exploration to preserve capital for onstream and upstream assets under development. In many cases exploration spending is considered a 'discretionary item' to be cut from budgets as companies adjust to a lower oil price. The resulting effect in Asia-Pacific has been smaller prospect sizes and higher economic thresholds



Capital costs by region

Based on projects currently in production or likely to produce in the near future (under construction or sanctioned), Wood Mackenzie forecasts global CAPEX to increase from USD400.2billion in 2017 to USD415.3 billion in 2018. Asia Pacific accounted for 15% of the global E&P CAPEX in 2017, at USD60.9 billion. Asia Pacific regional CAPEX in 2018 increases to USD64.4 billion.

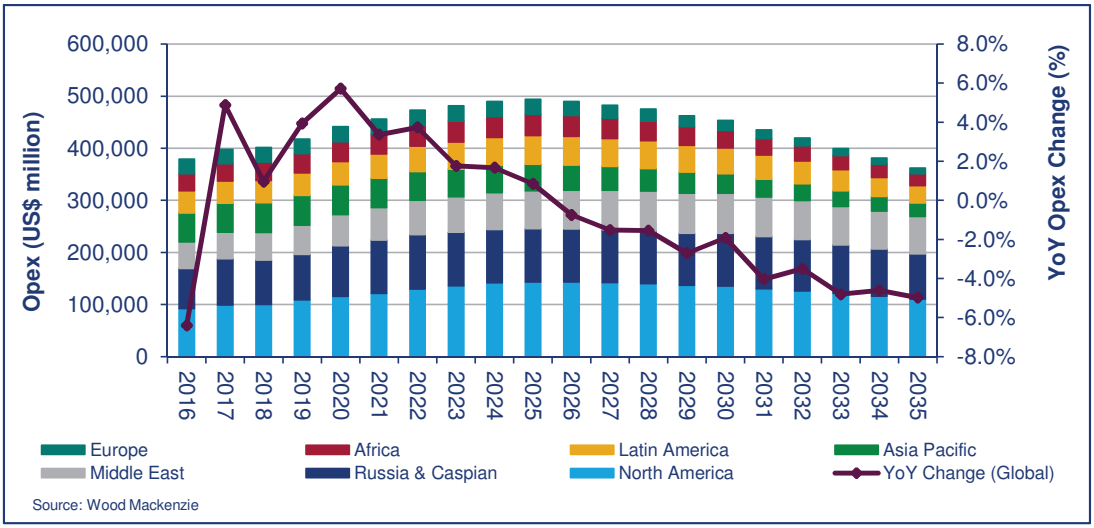
Scrutiny of discretionary spend since lower oil prices began in 2014 has led to less attractive projects being deferred. Final investment decisions ("FIDs") dropped significantly in 2015 and 2016 and companies deferred most new capital spend in favour of existing committed capital (projects under construction). Wood Mackenzie expects that with a relative 'stabilisation' of oil prices and companies adjusting to this environment (as well as cost reductions in the service industry), CAPEX growth is expected to peak in 2022 at USD 47.3 billion.



Source: Wood Mackenzie

Operating costs by region

As operating costs begin to rebound from the drop in 2015-2016 caused by cyclical cost deflation due to low oil prices, Wood Mackenzie expects operating costs globally to increase from USD398 billion in 2017 to USD402 billion in 2018, a year-on-year increase of 1.0%. In Asia Pacific, year-on-year growth in 2018 is expected to be 1.9%increasing from USD55.7 billion in 2017 to USD56.7 billion in 2018.



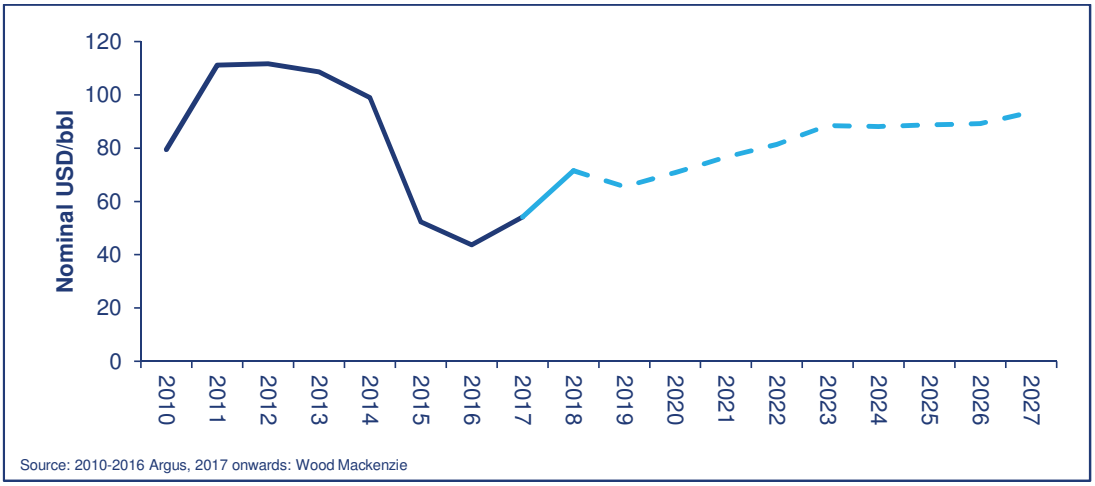
Source: Wood Mackenzie

Crude Oil and Natural Gas Pricing

Crude oil pricing

For 2018, the annual average price per barrel of Brent crude was USD71.34. Wood Mackenzie forecasts an annual average for Brent at USD66 real per barrel for 2019. For 2020, we continue to forecast an annual average of $68 per barrel with prices at $70 for part of the year. Supply growth recovers in 2020 but demand growth is also strong. Wood Mackenzie's Product Market Service forecasts that IMO regulations will boost global crude oil refining runs by 1.5 million b/d, adding upward pressure in the market as refiners scramble to meet the need for low sulphur bunker fuel. Political risk also remains for both Iran and Venezuela supply in 2020. While global demand rose by only 0.5 million b/d year-on-year in Q1, we forecast a steady increase of 1.1 million b/d for 2019 as a whole. Growth improves in the second half of the year, as demand stabilizes in Europe and Japan while regaining strength in the US. The pace accelerates to 1.6 million b/d in 2020. The Middle East and Latin America begin to recover next year, while the shift from fuel oil to gasoil in the marine sector generates an additional 100 kb/d volume increase as the IMO sulphur cap goes into effect. This is not to say that the downside risk to global demand has disappeared. Economic indicators from early 2019 are more worrisome than three months ago, highlighting mounting uncertainty. However, they are generally still aligned with our outlook for a slow easing in global GDP growth.

After 2020, non-OPEC production growth slows. Prices reach an annual average of $88.54 nominal per barrel for Brent in 2023 as the market tightens with continued gains in demand and slower non-OPEC supply growth. Additional factors in the price escalation include (1) higher onshore US breakevens due to service cost inflation and stalling well productivity as drilling begins to move away from core areas, (2) continued sanctions against Iran which we assume will remain in place through 2022 and (3) continued disruption in Venezuela with production forecast at around 1 million b/d into the early 2020s versus 1.9 million b/d in 2017.



Source: 2010-2016 Argus, 2017 onwards: Wood Mackenzie

Natural gas pricing

Henry Hub Prices

Henry Hub is a key distribution hub within the US natural gas pipeline system and is located in Louisiana. Delivered prices at the hub are a key marker of natural gas prices in the US. As the US begins to export more gas (in the form of LNG) into Asia Pacific, US LNG, which is priced off Henry Hub gas prices, will compete with other sources of LNG and domestic piped gas. Due to the recent gas supply glut in the US, Henry Hub prices have been low and increasingly pose a threat to more expensive incumbent gas sources.

The recovery in oil and gas drilling over the past year as well as pipeline expansion in the Northeast US signals an increase in supply starting this summer and continuing through 2018. In 2018, Henry Hub prices averaged US$3.15/mmbtu. In the medium term, we expect prices to fall, averaging US$2.6/mmbtu between 2019 and 2024, as strong demand growth is met with cheap supply from North America shale/tight gas.

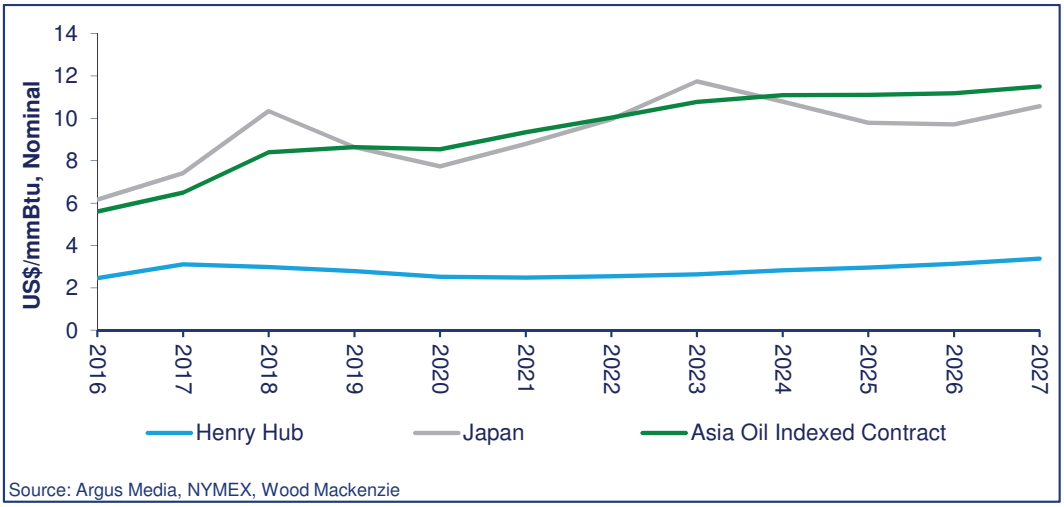
By the mid-2020s, domestic power markets and new LNG projects support continued market growth. US federal carbon policy is increasingly uncertain in light of the decision to withdraw from the Paris Accord, but state and regional initiatives nonetheless look likely to support long-term growth in both renewables and gas-fired generation at the expense of coal. Yet by the early to mid-2020s the Northeast pipeline capacity currently under development will fill up, and associated gas production will begin to plateau. This opens the door for production recovery in the Haynesville, along with continued WCSB growth and a Rockies supply recovery. Prices will have to rise to support development in these areas, along with new Northeast pipelines. As such, we expect Henry Hub to average US$4.4/mmbtu between 2025 and 2035.

Asian LNG spot prices

Over the past years global gas and LNG prices have been converging. Part of that convergence has been a consequence of weakening oil prices and growing liquidity in LNG markets. Increasing global LNG supply and trade has resulted in regional price differentials being set by differentials in shipping costs.

As the global LNG market becomes oversupplied, we forecast Asian LNG prices (see Japan prices below) to trade at a small differential to Europe, including through winters as seasonal demand in China is counterbalanced by reduced seasonality in Japan and South Korea, the consequence of increased coal, nuclear and renewable capacity.

[Wood Mackenzie's Asia Oil indexed contract assumption is 12% Brent (3,3,1[3]) + 0.5 for H2 18 update. This represents a view of the current price for new mid/long term contracts in the Asian market.]



Source: Argus Media, NYMEX, Wood Mackenzie

[3] Number of months used for averaging, number of months to count back to the end of the lag period, and the number of months being priced

Appendix

Gross Split PSC terms

Gross split PSC terms	Condition	Contractor share
Base split		
Oil		43.0%
Gas		48.0%
Variable split (incremental)		
Development status	First POD	5.0%
	No POD	0.0%
Field location		
	Onshore	0.0%
	WD ≤ 20m	8.0%
	20m < WD ≤ 50m	10.0%
	50m < WD ≤ 150m	12.0%
	150m < WD ≤ 1000m	14.0%
	WD >1000m	16.0%
Reservoir depth		
	≤ 2500m	0.0%
	> 2500m	1.0%
Infrastructure		
	Well developed	0.0%
	New frontier	2.0%
Conventional status		
	Conventional	0.0%
	Unconventional	16.0%
CO_2		
	CO_2 < 5%	0.0%
	5% ≤ CO_2 < 10%	0.5%
	10% ≤ CO_2 < 20%	1.0%
	20% ≤ CO_2 < 40%	1.5%
	40% ≤ CO_2 < 60%	2.0%
	CO_2 ≥ 60%	4.0%
H_2S (ppm)		
	H_2S < 100	0.0%
	100 ≤ H_2S < 300	0.5%
	300 ≤ H_2S < 500	0.75%
	H_2S ≥ 500	1.0%

Gross split PSC terms	Condition	Contractor share
Variable split (incremental) - continued		
Crude gravity		
	API < 25^{0}	1.0%
	API ≥ 25^{0}	0.0%
Local content (LC)		
	LC<30%	0.0%
	30% ≤ LC < 50%	2.0%
	50% ≤ LC < 70%	3.0%
	LC > 70%	4.0%
Production stage		
	Primary	0.0%
	Secondary	3.0%
	Tertiary	5.0%
Progressive split (incremental)		
Oil price split		
	Price < USD40/bbl	7.5%
	USD40/bbl ≤ Price < USD55/bbl	5.0%
	USD55/bbl ≤ Price < USD70/bbl	2.5%
	USD70/bbl ≤ Price < USD85/bbl	0.0%
	USD85/bbl ≤ Price < USD100/bbl	-2.5%
	USD100/bbl < Price < USD115/bbl	-5.0%
	Price ≥ USD115/bbl	-7.5%
Cumulative production split		
	< 1 mmboe	5.0%
	1 mmboe ≤ X < 10 mmboe	4.0%
	10 mmboe ≤ X < 20 mmboe	3.0%
	20 mmboe ≤ X < 50 mmboe	2.0%
	50 mmboe ≤ X < 150 mmboe	1.0%
	≥ 150 mmboe	0.0%
Ministerial prerogative		-5% to 5%

Source: MEMR decree 08/2017 on gross split contracts

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