IMPORTANT NOTICE

You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary Offering Memorandum (the "preliminary Offering Memorandum"). 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 U.S., 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 preliminary Offering Memorandum 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 preliminary Offering Memorandum. 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 Barclays Bank PLC, Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited 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 preliminary Offering Memorandum on the basis that you are a person into whose possession this preliminary Offering Memorandum 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.

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THE ATTACHED PRELIMINARY OFFERING MEMORANDUM 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, Barclays Bank PLC, Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited 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. We will provide a hard copy version to you upon request.

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 electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (2) that you consent to delivery of the attached preliminary Offering Memorandum and any amendments or supplements thereto by electronic transmission and (3) that you agree to the foregoing terms and conditions.

CONFIDENTIAL

PT PERTAMINA (PERSERO)

(a state-owned company incorporated in the Republic of Indonesia with limited liability)

US$1,250,000,000 4.875% Senior Notes due 2022

Issue Price: 99.414%

US$1,250,000,000 6.0% Senior Notes due 2042

Issue Price: 98.631%

PT Pertamina (Persero) (the "Issuer"), a state-owned company established with limited liability under the laws of the Republic of Indonesia, is issuing US$1,250,000,000 4.875% Senior Notes due 2022 (the "2022 Notes") and US$1,250,000,000 6.0% Senior Notes due 2042 (the "2042 Notes" and together with the 2022 Notes, the "Notes").

The 2022 Notes will bear interest at the rate of 4.875% per year. Interest on the 2022 Notes will be payable semi-annually in arrears on May 3 and November 3 of each year, commencing on November 3, 2012. The 2022 Notes will mature on May 3, 2022.

The 2042 Notes will bear interest at the rate of 6.0% per year. Interest on the 2042 Notes will be payable semi-annually in arrears on May 3 and November 3 of each year, commencing on November 3, 2012. The 2042 Notes will mature on May 3, 2042.

The Notes will be senior obligations of the Issuer. For a more detailed description of the Notes, see "Description of the 2022 Notes" beginning on page 196 and "Description of the 2042 Notes" beginning on page 218.

Approval-in-principle has been received for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes.

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

Investing in the Notes involves risk. See "Risk Factors" beginning on page 24 for a discussion of risks relevant to an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A")) in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S under the Securities Act ("Regulation S"). For a description of these and other restrictions on offers, resales and transfers of the Notes, see "Plan of Distribution" and "Transfer Restrictions".

It is expected that the Notes will be ready for delivery in book-entry form only through The Depository Trust Company, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg, and their respective participants, on or about May 3, 2012. See "Plan of Distribution".

Joint Bookrunners and Joint Lead Managers

Barclays **Citigroup** **HSBC**

Co-Managers

Bahana Securities **Danareksa Sekuritas** **Mandiri Sekuritas**

The date of this Offering Memorandum is April 26, 2012

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NOTICE TO INVESTORS

This Offering Memorandum 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. The offering is being made in reliance upon the exemptions from registration under the Securities Act. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser of the Notes will be deemed to have made certain acknowledgments, representations and agreements regarding the Notes and the offer, sale, reoffer, pledge or other transfer of the Notes. See “Transfer Restrictions”.

Distribution of this Offering Memorandum to any other 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 Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any part hereof.

This Offering Memorandum does not constitute an offer to, and may not be used for the purpose of an offer to or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorized or is unlawful. No action has been or will be taken to permit a public offering of the Notes in any jurisdiction where action would be required for that purpose. The Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

No person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the offering of the Notes, and any information or representation not contained in this Offering Memorandum must not be relied upon as having been authorized by us or Barclays Bank PLC (“Barclays”), Citigroup Global Markets Limited (“Citi”) and The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) as the joint bookrunners and joint lead managers of this offering (the “Joint Bookrunners and Joint Lead Managers”). Neither the delivery of this Offering Memorandum nor any sale of the Notes pursuant to this offering shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of any party mentioned herein since that date.

No representation, warranty or undertaking, express or implied, is made by any of the Joint Bookrunners and Joint Lead Managers or the Trustee (in such capacity) (as defined herein), and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information contained in this Offering Memorandum or any other information provided by us in connection with the Notes, their distribution or their future performance.

Neither this Offering Memorandum nor any other information supplied in connection with the Notes should be considered as a recommendation by us, the Joint Bookrunners and Joint Lead Managers or the Trustee that any recipient of this Offering Memorandum should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of our business, financial condition and affairs, and its own appraisal of our creditworthiness.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (“SEC”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

In connection with this offering, HSBC, as stabilizing manager on behalf of the Joint Bookrunners and Joint Lead Managers, or any person acting for the Joint Bookrunners and Joint Lead Managers, may purchase and sell the Notes in the open market. These transactions may, to the extent permitted by applicable laws and regulations, include short sales, stabilizing transactions and purchases to cover positions created by short sales. These activities may stabilize, maintain or otherwise affect the market price of the Notes. 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. There is no obligation on HSBC, as stabilizing manager, or the Joint Bookrunners and Joint Lead Managers to carry out such activities. These activities will be undertaken solely for the account of the Joint Bookrunners and Joint Lead Managers and not for or on our behalf.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The Notes may not be offered or sold to any person in the United Kingdom, other than to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire revised statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under Chapter 421-B of the New Hampshire revised statutes is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

NOTICE TO PROSPECTIVE INDONESIAN INVESTORS

This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Markets. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold, directly or indirectly, in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents in a manner which constitutes a public offering under the laws and regulations of Indonesia.

ENFORCEABILITY OF FOREIGN JUDGMENTS IN INDONESIA

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

We have been advised by our Indonesian legal advisor, Ali Budiardjo, Nugroho, Reksodiputro, that judgments of courts outside Indonesia are not enforceable in Indonesian courts. A foreign court judgment could be offered and accepted into evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive as those available in other jurisdictions.

INDONESIAN REGULATION OF OFFSHORE BORROWINGS

Pursuant to Presidential Decree No. 39/1991, we are required to obtain prior approval from the Offshore Commercial Borrowing Team ("PKLN Team") to receive offshore borrowings and must submit periodic reports to the PKLN Team. However, the decree does not stipulate either the time frame or the format and the content of the periodic report that must be submitted. Under Presidential Decree No. 59/1972, dated October 12, 1972 ("PD 59/1972"), we are required to obtain approval from the Minister of Finance of Indonesia and report the particulars of our offshore commercial borrowings to the Minister of Finance of Indonesia and Bank Indonesia, on the acceptance, implementation, and repayment of principal and interest. In practice, this approval from the Minister of Finance under PD 59/1972 is considered to have been obtained when approval from the PKLN Team is received because the Minister of Finance of Indonesia is a member of the PKLN Team. Ministry of Finance Decree No. KEP-261/MK/IV/5/1973 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 this PD 59/1972, further sets forth the requirement to submit periodic reports to the Minister of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period.

See "Indonesian Regulatory Framework — Indonesian Regulation of Offshore Borrowings" for information on certain regulations in Indonesia which apply to our offshore borrowings.

LANGUAGE OF TRANSACTION DOCUMENTS

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

CERTAIN DEFINED TERMS AND CONVENTIONS

As used in this Offering Memorandum, unless the context otherwise requires, the terms "we," "us," "our," "our Company" and "Pertamina" refer to PT Pertamina (Persero) and its consolidated subsidiaries and the term "the Issuer" refers to PT Pertamina (Persero).

In this Offering Memorandum, references to "US$," "$" and "U.S. dollars" are to United States dollars, the legal currency of the United States, references to "¥" and "Japanese Yen" are to the legal currency of Japan and references to "Rupiah," "IDR" and "Rp." are to the legal currency of Indonesia. Unless otherwise specified or the context otherwise requires, all references to "Indonesia" are references to the Republic of Indonesia. All references to the "Government" herein are references to the Government of the Republic of Indonesia. All references to "United States" or "U.S." herein are references to the United States of America. Certain terms used herein are defined in the "Glossary" contained elsewhere in this Offering Memorandum.

All references herein to the "Oil and Gas Law of 2001" are references to the oil and gas law enacted on November 23, 2001 as partially annulled by the Constitutional Court of the Republic of Indonesia on December 15, 2004. References to "BPMIGAS" are references to the Executive Agency for Upstream Oil and Gas Activities (*Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi*), a non-profit Government-owned legal entity. References to "BPH MIGAS" are references to the Oil and Gas Downstream Regulatory Body (*Badan Pengatur Hilir Minyak dan Gas Bumi*), an independent governmental agency. For more information see "Indonesian Regulatory Framework".

See "Business — Pertamina Upstream Business — Reserves" for definitions of net reserves, proved reserves, proved plus probable reserves, proved developed reserves and proved undeveloped reserves.

See "Business — Pertamina Upstream Business — Production" for a definition of production and net production in respect of our upstream business. See "Indonesian Regulatory Framework" for a description of the production sharing arrangements between us and the Government.

Our working interest is given after taking into account any dilution due to ownership through subsidiaries which are less than wholly-owned, directly or indirectly, by us.

In respect of our downstream businesses, 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 produced 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 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 of 1 mmcf of natural gas to 0.1726 mboe of oil equivalent, except in "Industry Overview", where natural gas equivalents and crude oil equivalents are determined using the ratio of 1 mmcf of natural gas to 0.176 mboe of oil equivalent.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes certain industry and market data (including forecasts and other forward-looking information) obtained from, among others, Bank Indonesia, the Economist Economic Intelligence Unit, National Development Planning Agency (*Badan Perencanaan Pembangunan Nasional* or "BAPPENAS"), Indonesian Financial Statistics (*Statistik Ekonomi dan Keuangan Indonesia*), Central Bureau of Statistics (*Badan Pusat Statistik*, formerly known as *Biro Pusat Statistik*), Wood Mackenzie ("Wood Mackenzie"), reports of other governmental agencies, industry publications and surveys, and internal company surveys. Such industry publications and surveys and forecasts generally state that the data contained therein has been obtained from sources believed to be reliable, but except for any data we have provided to Wood Mackenzie, we cannot assure you that such data is complete or accurate. Such data has not been independently verified, and neither we, except with respect to any data we have provided to Wood Mackenzie, nor the Joint Bookrunners and Joint Lead Managers make any representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

Financial data with respect to Indonesia provided in this Offering Memorandum may be subsequently revised in accordance with Indonesia's ongoing maintenance of its economic data, and such revised data will not be distributed by us to any holder of the Notes.

PRESENTATION OF FINANCIAL AND OTHER DATA

Exchange Rate Information

We publish our consolidated financial statements in Rupiah. Solely for convenience, this Offering Memorandum contains translations of certain Rupiah amounts into U.S. dollars at the exchange rate of Rp. 9,068 = US$1.00, which was the middle exchange rate announced by Bank Indonesia as of December 30, 2011. The middle exchange rate announced by Bank Indonesia as of April 13, 2012 was Rp. 9,163 = US$1.00. These translations should not be construed as representations that the Rupiah amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all. See "Exchange Rates and Exchange Controls" for further information regarding the rates of exchange between the Rupiah and the U.S. dollar.

Financial Information

Our consolidated financial statements and unless otherwise indicated, financial information in this Offering Memorandum has been prepared in accordance with Indonesian Financial Accounting Standards ("IFAS"), which differ in certain respects from generally accepted accounting principles in the United States ("U.S. GAAP"). For a summary of certain differences between IFAS and U.S. GAAP, see "Summary of Certain Differences Between Indonesian Financial Accounting Standards and U.S. GAAP". Except as otherwise indicated or the context otherwise requires, financial information in this Offering Memorandum is presented on a consolidated basis.

Change in Independent Public Accountants

In 2010, we changed our independent public accountants from Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), effective November 29, 2010. See "Independent Public Accountants — Change in Independent Public Accountants".

Restatement and Reclassification

From January 1, 2011, we revised the accounting method which we used to recognize our participating interests in jointly controlled entities following a change in the applicable accounting treatment of such entities and accordingly, we reassessed our participating interests in the relevant entities and restated the consolidated financial statements as of and for the year ended December 31, 2010. We also reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for (i) the Government's share of gas sales because we are acting as an agent in those agreements on behalf of the Government and (ii) certain expenses related to transportation to deliver liquefied petroleum gas ("LPG") to its point of sales. Consequently, we restated our consolidated financial statements as of and for the year ended December 31, 2010. Additionally, certain reclassifications were made to the consolidated financial statements as of and for the year ended December 31, 2010 in order to conform to the same basis on which the consolidated financial statements as of and for the year ended December 31, 2011 were presented. These reclassifications primarily reflect certain changes in accounting standards effective from January 1, 2011. These restatement and reclassification adjustments are described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

In order to present, for our most recent three years, financial information which have been prepared in accordance with the same accounting policies as those used to prepare our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, the restatement and reclassification adjustments described above have been reflected in our consolidated financial statements as of and for the year ended December 31, 2009 as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included in this Offering Memorandum. Additionally, as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, our previously reported consolidated financial statements as of and for the year ended December 31, 2009 included restatement adjustments regarding the accounting for concession assets, oil and gas property acquisitions and deferred income tax after we reconsidered the interpretation of facts and circumstances and the applicable accounting treatment around those items, as well as reclassification adjustments to conform to the basis on which the consolidated financial statements as of and for the year ended December 31, 2010 were presented at that time.

See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Restatement of Consolidated Financial Statements".

Our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 were audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), that were applied to restate and reclassify our previously reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 which have been disclosed for informational purposes only), that were applied to restate and reclassify our originally reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

The consolidated financial information related to the consolidated financial statements as of and for the year ended December 31, 2009 presented in this Offering Memorandum are presented on an as-restated basis, except for the line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above. Except for the line items presented in the tables included in the footnotes to the sections "Selected Consolidated Financial and Other Data" and "Summary Consolidated Financial and Other Data" in this Offering Memorandum, which show the impact of the restatement and reclassification adjustments to the line items in our consolidated statements of comprehensive income data and consolidated statements of financial position data, other line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 were not affected by the restatement and reclassification adjustments discussed above. Accordingly, the discussion and presentation of such unaffected line items in this Offering Memorandum, whether in tables or paragraphs or other format of presentation, are based on and derived from our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, which are included elsewhere in this Offering Memorandum and were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited), in accordance with auditing standards established by the Indonesia Institute of Certified Public Accountants ("IICPA"), as stated in their audit report appearing elsewhere in the Offering Memorandum.

Rounding

Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Non-GAAP Financial Measures

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

See "Summary Consolidated Financial and Other Data" and "Selected Consolidated Financial and Other Data" for a reconciliation of our net income under IFAS to our definition of EBITDA.

Oil and Gas Reserves

The information on our historical oil and gas reserves in this Offering Memorandum is based on our estimated "net reserves" and, as such, represents our aggregate share of the estimated crude oil and/or natural gas reserves in all blocks or fields or specified areas, attributable to our working interest in such areas, before deducting the share payable to the Government as owner of the reserves pursuant to the terms of the relevant production sharing arrangement, the cost recovery portion and any applicable taxes. These estimates have been prepared based on our oil and gas resource management system, which contains procedures for classifying and estimating reserves. Our oil and gas resource management system's procedures and reserves classifications are consistent with the Society of Petroleum Engineers ("SPE") 2001 guidelines. Investors should note, however, that different reserves reporting systems employ different assumptions, and that our methodologies for classifying reserves and our reserves classifications vary in certain respects from the methodologies and classifications used by oil and gas companies subject to the reporting obligations of the SEC. Investors should also note that the SPE 2001 guidelines have been replaced by Petroleum Resources Management System 2007, which is seen as the oil and gas industry standard for reserve reporting, however, we have continued to estimate our reserves using our oil and gas resource management system, which is consistent with SPE 2001 guidelines. As a result, because of the impact of such assumptions and the application of such guidelines, identical raw data can produce varying estimates of reserves.

Estimates of reserves are largely dependent on the interpretation of data obtained from drilling, testing and production and may prove to be incorrect over time. In addition, estimates of proved reserves that may be developed and produced in the future are frequently based upon volumetric calculations and by analogy to similar types of reservoirs, rather than upon actual production history. Subsequent evaluation of the same reservoirs based upon production history may result in revisions to the estimated proved or proved plus probable reserves. The estimation of reserves involves a significant degree of judgment by our management, engineers and technical personnel. No assurance can be given that the reserves presented in this Offering Memorandum will be recovered at the levels presented. See "Risk Factors — Risks Relating to Our Upstream Operations — Our crude oil, natural gas and geothermal reserve estimates are uncertain and may prove to be incorrect over time or may not accurately reflect actual reserve levels, or even if accurate, technical limitations may prevent us from retrieving these resources".

See "Business — Pertamina Upstream Business — Reserves" for definitions relating to our reserves and details of our reserve estimation methodology and techniques.

AVAILABLE INFORMATION

While any Notes remain outstanding, we shall, during any period in which we are not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any qualified institutional buyer (as defined in Rule 144A) who is a holder and any prospective purchaser of a Note who is a qualified institutional buyer (as so defined) designated by such holder, upon the request of such holder or prospective purchasers, the information concerning us required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes, and any amendment or supplement, may include forward-looking statements. All statements other than statements of historical facts included in this Offering Memorandum and any amendment or supplement regarding, among other things, our future financial position and results of operations, business, strategy, plans, developments and prospects, the condition and prospects of the oil, gas and geothermal industries, and Indonesia's economy, fiscal condition, debt or prospects may constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "continue" or similar terminology. Specifically, statements under the captions "Summary," "Industry Overview," "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business," "Indonesian Regulatory Framework" and "Relationship with the Government" relating to the following matters may include forward-looking statements relating to:

- the expected results of our exploration, development, production, refining and distribution activities and related capital expenditures and investments;
- our oil, gas and geothermal reserve estimates, the classification of our oil, gas and geothermal reserves and our ability to extract oil, gas and geothermal energy;
- our strategic, business and financial plans and objectives, including budgeted and future capital expenditures, acquisitions and investments, (i) in respect of future oil, gas and geothermal exploration, development and production; (ii) in respect of the future construction, expansion, production capacity and utilization of certain refining and other facilities; and (iii) in respect of the future construction, expansion, acquisition or operation of our distribution, trading and transportation networks;
- the anticipated demand and selling prices for crude oil, natural gas, geothermal energy, refined petroleum and petrochemical products, 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 in each of our main business segments;
- our financial position, business strategy and budget, including projected financial and operating data;
- existing and future regulatory requirements applicable to us and our businesses; and
- existing and future obligations in respect of environmental compliance and remediation.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set out in this Offering Memorandum. Factors that could cause actual results to differ include, but are not limited to, the following:

- economic, social and political conditions in Indonesia and other countries in which we operate;

- increases or other changes in regulatory burdens and obligations in Indonesia and other countries, including our public service obligation ("PSO"), dividend obligations, and environmental regulations and compliance costs;

- accidents, natural disasters, and other catastrophes;

- changes and volatility in market prices of or demand for key commodities produced or consumed by us, including crude oil and natural gas, as a result of competitive actions, economic factors such as inflation or exchange rate fluctuations, or otherwise;

- changes in our relationship with the Government, BPMIGAS, other government authorities in Indonesia and other countries in which we operate, our joint venture partners, our shareholders, our co-investors and other counterparties, in Indonesia and other countries in which we operate;

- changes in terms and conditions of the agreements under which we operate our businesses and the ability of third parties to perform in accordance with contractual terms and specifications;

- changes in import or export controls, duties, levies or taxes, either in international markets or in Indonesia;

- changes in laws and regulations and their interpretation, applicable taxes and tax rates, accounting standards or practices, and reserve reporting guidelines; and

- our ability to manage the risks described above and in the section captioned "Risk Factors".

Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to be correct.

In addition, our management's expectations with respect to our exploration, production, development, refining and distribution activities are subject to risks arising from the inherent difficulty of predicting the presence, yield or quality of oil, gas and geothermal reserves, as well as unknown or unforeseen difficulties in extracting, transporting, refining or processing any oil, gas or geothermal energy found, or doing so on a commercial basis.

Our ability to maintain and grow our 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 exploration program, some of which are beyond our control. 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, and may increase, reduce or suspend our planned capital expenditures or investments or change the timing and use of its capital expenditures from what is currently planned in response to market conditions, drilling results, production trends or for other reasons.

Should one or more of these uncertainties or risks, among others, materialize, our 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.

Accordingly, prospective purchasers are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and the consolidated financial statements appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our consolidated financial statements and related notes and "Risk Factors".

Overview

We are a fully integrated national oil, gas and geothermal company, wholly-owned by the Government and headquartered in Jakarta, Indonesia. We have an operating history of more than 54 years. We were established on December 10, 1957 and became an Indonesian limited liability company in 2003.

We are engaged in a broad spectrum of upstream and downstream oil, gas, geothermal, petrochemical and other energy operations. Our lines of business are organized into upstream and downstream sectors in accordance with Indonesian oil, gas and geothermal regulations. In the upstream sector, we engage in the exploration (the search for oil, gas and geothermal energy), development (the drilling and bringing into production of wells in addition to the discovery wells in a field) and production and supply of crude oil, natural gas and geothermal energy in Indonesia and internationally. In the downstream sector, we carry out refining, marketing, distribution and trading of crude oil, natural gas, refined fuel products and petrochemical and other non-fuel products such as green coke, including products for retail, industrial and aviation uses. We are also mandated by the Government to distribute subsidized fuel in Indonesia and to assist in its efforts to encourage the use of LPG as a substitute for kerosene in Indonesian households (the "kerosene conversion program").

As of December 31, 2011, our total net proved oil and gas reserves were an estimated 3,200.3 mmboe and our total net proved plus probable oil and gas reserves were an estimated 4,355.9 mmboe. We have one of the largest oil and gas reserve bases in Indonesia and have the largest number of exploration and production blocks and the most own-operated work area acreage across Indonesia among all oil and gas companies, with a total net acreage of 138,611 km^2 as of December 31, 2011.

In 2011, we were one of the largest oil and gas producers in Indonesia, with a total daily oil and gas production of 457.6 mboe/d. We also have significant geothermal resources and an extensive distribution network of gas pipelines. We have a portfolio of six refineries with total refining capacity of 1,031 mbbls/d and significant downstream assets and infrastructure, including fuel stations, fuel depots, LPG filling plants, aviation fuel depots, lube oil blending plants and tankers.

Prior to September 2003, we also regulated all aspects of the oil, gas and geothermal industry on behalf of the Government. Under the Oil and Gas Law of 2001, BPMIGAS and BPH MIGAS were established to regulate the upstream and downstream sectors of the Indonesian oil and gas industries, respectively, and we transferred our regulatory responsibilities to BPMIGAS and BPH MIGAS when we became an Indonesian limited liability company in October 2003. Following the enactment of the Oil and Gas Law of 2001, we have restructured our business into upstream and downstream sectors operated through separate subsidiaries. See "Corporate Structure" and "Relationship with the Government — History" for details of our history and corporate structure.

For the fiscal years ended December 31, 2011, 2010 and 2009, we had consolidated sales and other operating revenue of Rp. 589,765.9 billion (US$65,038.1 million), Rp. 432,049.5 billion and

Rp. 365,347.1 billion, respectively. For the fiscal years ended December 31, 2011, 2010 and 2009 we had an income for the year of Rp. 20,525.7 billion (US$2,263.5 million), Rp. 16,785.1 billion and Rp. 16,088.1 billion, respectively.

Business Strengths

The Only Fully Integrated Indonesian Oil and Gas Company

We are the only fully integrated Indonesian oil and gas company, and we have a leading market position in both the Indonesian upstream and downstream markets, providing for full integration across the oil and gas value chain.

Leading upstream oil and gas player in Indonesia. We have one of the largest oil and gas reserve bases in Indonesia, with estimated total net proved oil and gas reserves of 3,200.3 mmboe and estimated total net proved plus probable oil and gas reserves of 4,355.9 mmboe, as of December 31, 2011. Based on our 2011 daily production, we were among the largest oil and gas producers in Indonesia, with a total daily oil and gas production of 457.6 mboe/d. We have the largest number of exploration and production blocks and the most own-operated acreage in Indonesia, with a total net acreage of 138,611 km^2 as of December 31, 2011.

Dominant oil refining, marketing and trading company in Indonesia. Our comprehensive downstream portfolio significantly complements our upstream strengths. We are the dominant refining company in Indonesia, and we own and operate six refineries with a combined processing capacity of 1,031 mbbls/d. We also currently enjoy a near-total market share in the domestic fuel storage, transportation, marketing and distribution markets and have a near total market share of Indonesia's retail filling station network, through direct ownership and long-term franchise arrangements.

Strategically Positioned in a Fast Growing Domestic Energy Market

Energy demand in Indonesia is projected to grow from 210 million mt of oil equivalent to 379 million mt of oil equivalent over the next 15 years, largely because it is one of the lowest consumers of energy per capita within Southeast Asia. Indonesia is currently a net importer of crude oil and refined products, and to meet the escalating demand, based on current domestic output capacity, oil imports are expected to grow significantly. At the same time, the Government has stated its intention to decrease oil imports. We see this as a significant opportunity for growth, which we intend to meet by increasing our oil and gas production capabilities through upstream expansions and acquisitions.

In particular, gas demand in Java is expected to substantially exceed supply. This shortfall can be remedied by pipeline gas and liquefied natural gas ("LNG") from Sumatra and Kalimantan, areas where we own large acreage and reserves, and where our sizable gas fields in South Sumatra (Pagar Dewa), West Java (Cirebon) and East Java (Cepu) are located.

Our industry consultant, Wood Mackenzie, expects Indonesia's gross domestic product ("GDP") to double from US$291 billion (in real terms) in 2011 to US$556 billion by 2025. Wood Mackenzie expects this to be supported by an increase of 31 million in population size from the current population of 233 million. According to Wood Mackenzie, domestic demand for oil and gas is projected to increase by 65% by 2025, and the sector is expected to remain a significant driver of Indonesia's economic growth. Currently, a large proportion of Indonesia's population resides in rural areas and remain unconnected to the power grid. With increasing wealth in Indonesia, the population is likely to switch from other solid fuels to commercial sources of energy such as LPG and electricity, further sustaining total energy consumption.

Based on our presence across Indonesia and our reserves base, we are strategically positioned to meet growth in demand.

Sustained Growth from Significant Reserves, Extensive Infrastructure Network and Proven Management Track Record

We have one of the largest oil and gas reserve bases in Indonesia. We expect our portfolio to not only provide for production longevity but also to serve as a solid foundation for production growth. We expect that our production growth potential will be primarily driven by oil development projects in Pondok Tengah and Cepu, gas development projects in Matindok, South Sumatra and Java, strategic domestic and international acquisitions and enhanced oil recovery projects at existing mature oil fields. In addition, we have an estimated 1,130 MW of proved plus probable geothermal reserves, which we expect to drive significant increases in our geothermal production.

We have maintained our leading position and market share in the oil refining, marketing and trading sectors in Indonesia, notwithstanding recent Government initiatives to liberalize the downstream sector, due to our extensive distribution network and supporting infrastructure. We believe that this gives us a substantial advantage over both our domestic and international competitors. For example, we are currently among the largest refiners in Southeast Asia and the dominant refiner in Indonesia, and in 2011, our refineries supplied approximately 58.3% of domestic fuel demand. We intend to expand our refining capacity to between 1,431 and 1,631 mbbls/d by the end of 2019, a growth of between 38.8% and 58.2% from 2011, and to increase the number of fuel stations owned and operated by us.

We have over 54 years of operational history, and our management team and staff have a proven track record and extensive expertise in operational, engineering, technological, commercial, and financial matters. Our long operating history in the region has given us a level of institutional knowledge of and experience in the Indonesian market that is difficult for our competitors, international or domestic, to match. Our management has also gained significant expertise and knowledge through our 40-year history of strategic alliances and partnerships with major international oil and gas companies such as ExxonMobil, Shell and BP.

Robust Financial Profile

We have robust cash generating abilities, which have supported our operating margins and allowed us to achieve strong financial ratios. We have consistently generated EBITDA levels of over US$3.5 billion (with EBITDA of US$5.2 billion in 2011) and maintained stable EBITDA margins in the past three years, despite recent volatility in oil and gas prices. Our stable and strong cash flows are based on long-term contracts for the sale of oil, gas and refined products as well as steam and electricity to a diverse group of domestic and multinational customers, including PT Perusahaan Gas Negara (Persero) Tbk ("PGN"), Mitsui Oil Pte Ltd ("Mitsui Oil") and Mitsubishi Corporation ("Mitsubishi"). For future offtake contracts, we expect to benefit from a strong and growing customer base for production from our substantial Java and Sumatra assets.

Strong Government Support

As a company wholly-owned by the Government, we enjoy strong support from the Government, given the importance of our contribution to domestic revenues and our strategic position in the Indonesian oil and gas sector. For example, our oil and gas production sharing contracts ("PSCs") with the Government in general have more favorable terms than PSCs signed by foreign or private domestic oil and gas companies. Under the PSCs of PT Pertamina EP ("PEP"), our share of profits before tax is 67.2%, compared to 12% to 33% for oil and 28% to 37% for gas for a typical PSC. In addition, PT Pertamina Hulu Energi ("PHE") may be nominated by the Government to receive a 10% working interest in PSCs after the first plan of development is approved by the Ministry of Energy and Mineral Resources as PHE is the subsidiary of a state-owned enterprise. The Government's policy of providing us with a right to request to take over any oil and gas block in Indonesia which cooperation contract has expired also allows us to significantly expand our portfolio of domestic upstream assets and to take on attractive new opportunities.

Business Strategy

Our goal is to become a world-class national oil and gas company, and a leading international exploration and production company, capable of competing with global major international oil companies and national oil companies. To achieve this goal, our development strategy, which spans from 2011 to 2026, is based on four parameters.

Size — We intend to be Indonesia's largest upstream and downstream oil and gas company.

In the near term, we aim to become Indonesia's largest upstream oil and gas company. To achieve this goal, we plan to continue to pursue strategic acquisitions, joint ventures and investments, in particular with respect to assets that are in production or advanced stages of development, that will expand our oil, gas and geothermal business, in Indonesia and internationally. See "Business — Pertamina Upstream Business — Upstream Strategy". We also aim to maintain our existing leadership in our downstream businesses by growing and optimizing our refining capabilities, expanding our retail fuel station network and solidifying our market leadership in fuel and gas distribution in Java and Bali. See "Business — Pertamina Downstream Business — Downstream Strategy".

Efficiency — We aim to increase our efficiency and optimize our business operations.

We aim for operational excellence in all of our business activities and intend to consistently achieve above-average efficiency metrics across our operational platform. To achieve this objective, we are focusing on our core businesses and restructuring non-core businesses, streamlining our business processes relating to sales of natural gas and LNG to ensure we obtain optimal pricing, optimizing our upstream assets portfolio and oil recovery activities (see "Business — Pertamina Upstream Business — Upstream Strategy") and improving the efficiency of our refineries (see "Business — Pertamina Downstream Business — Downstream Strategy").

Corporate Governance and Culture — We place a high priority on having a strong corporate governance system and a results-driven culture.

We place a high priority on corporate governance, professionalism, and transparency, and have developed codes of conduct and corporate policies and procedures that are in line with those of our international and public counterparts. We also aim to develop a strong, results-driven corporate culture that demands the highest performance by our management and employees alike. One of our key strategies for achieving this end is through our wide range of training and education programs for our employees. To further our efforts, we are also recruiting and developing high quality managerial and technical teams, with an emphasis on the development of leadership skills.

Positioning — We intend to become a model and a benchmark for other regional companies.

We aim to become the preferred company of our customers, partners and potential employees. We also aim to become one of the most highly regarded companies in Indonesia, setting a solid benchmark for Indonesian oil and gas companies. By implementing international best practices, we believe that we can serve as a standard in terms of capabilities, technology, managerial processes, health, safety and environmental standards and good corporate governance.

General Information

Our full legal name is PT Pertamina (Persero). We are a state-owned limited liability company established in Indonesia under Deed of Establishment No. 20 dated September 17, 2003 drawn up before Lenny Janis Ishak, SH, Notary in Jakarta, and approved by the Minister for Justice & Human Rights under its Decision No. C-24025 HT.01.01.TH.2003 on October 9, 2003 which has been registered in the Company Registration Office of Central Jakarta and published in the State Gazette of the Republic of Indonesia No. 93 dated November 21, 2003, Supplemental State Gazette No. 11620. Our principal executive offices are located at 7th Floor, Jl. Medan Merdeka Timur 1A, Jakarta 10110, Indonesia. Our telephone number is +62 21 7917 3000.

SUMMARY OF THE 2022 NOTES OFFERING

The following is a brief summary of the terms of the offering of 2022 Notes and is qualified in its entirety by the remainder of this Offering Memorandum. For a more complete description of the terms of the 2022 Notes, see "Description of the 2022 Notes" included elsewhere in this Offering Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the 2022 Notes".

Issuer	PT Pertamina (Persero), a state-owned company established with limited liability under the laws of the Republic of Indonesia.
2022 Notes Offered	US$1,250,000,000 4.875% Senior Notes due 2022.
Issue Price of the 2022 Notes	99.414%
Maturity Date	Unless previously repurchased, cancelled or redeemed in accordance with their terms, the 2022 Notes will mature on May 3, 2022.
Interest	The 2022 Notes will bear interest from May 3, 2012 at the rate of 4.875% per annum, payable semi-annually in arrears.
	Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.
Interest Payment Dates	May 3 and November 3 of each year, commencing November 3, 2012.
Record Dates	Each April 18 and October 18 immediately preceding an Interest Payment Date.
Ranking	The 2022 Notes will be direct, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* in right of payment with all other unsecured and unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated debt pursuant to applicable law) and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.
Further Issues	The Issuer will initially issue US$1,250,000,000 in aggregate principal amount of the 2022 Notes. Subject to certain conditions, the Issuer may, however, from time to time, without notice to or the consent of the holders of the 2022 Notes, issue additional notes having the same terms and conditions under the indenture relating to the 2022 Notes as the 2022 Notes in all respects (or in all respects except for the issue date, issue price and the first Interest Payment Date and, to the extent necessary, certain temporary securities law transfer restrictions) so that such additional notes may be consolidated and form a single class with the previously outstanding 2022 Notes

	and vote together as one class on all matters with respect to the 2022 Notes.
Certain Covenants	The Issuer has agreed to observe certain covenants, including, among other things, a negative pledge, and limitations on its ability to consolidate, merge or sell its assets substantially as an entirety. See "Description of the 2022 Notes — Certain Covenants".
	The 2022 Notes and the related Indenture do not otherwise restrict or limit the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates.
Repurchase of Notes upon a Change of Control	Upon the occurrence of events constituting a change of control triggering event for the Issuer, the Issuer will be required to make an offer to purchase all outstanding 2022 Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of such purchase. See "Description of the 2022 Notes — Repurchase of Notes Upon a Change of Control".
Additional Amounts	Subject to certain exceptions, the Issuer will pay such Additional Amounts as will result in receipt by the holder of the 2022 Notes of such amounts as would have been received by such Holder had no deduction or withholding of Indonesian (and certain other) taxes been required. See "Description of the 2022 Notes — Additional Amounts".
Optional Tax Redemption	Subject to certain conditions and exceptions, the 2022 Notes may be redeemed at the option of the Issuer, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for such redemption, in the event that as a result of certain changes in tax laws the Issuer becomes obligated to pay Additional Amounts in respect of certain withholding tax (including Indonesian withholding tax imposed at a rate in excess of 20%). See "Description of the 2022 Notes — Redemption for Taxation Reasons".
Transfer Restrictions	The 2022 Notes have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the 2022 Notes are being offered and sold in the United States only to qualified institutional buyers (as defined in Rule 144A) in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S.
	For a description of these and other restrictions on offers, resales and transfers of the 2022 Notes, see "Plan of Distribution" and "Transfer Restrictions".

Use of Proceeds	The net proceeds from the offering of the 2022 Notes, after deduction of fees and commissions and estimated expenses incurred in connection with this offering, are expected to be approximately US$1,240.1 million. We intend to use net proceeds from this offering to finance capital expenditures and for general corporate purposes.
Governing Law	The 2022 Notes and the related Indenture will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.
Denomination, Form and Registration	The 2022 Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. 2022 Notes offered in the United States to qualified institutional buyers in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, or DTC. 2022 Notes offered outside the United States in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., as nominee of DTC for the respective accounts of Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream, Luxembourg, each of which is a participant in DTC. DTC will credit the account of each of its participants, including Euroclear and Clearstream, Luxembourg, with the principal amount of 2022 Notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg.
Ratings	The 2022 Notes are expected to be rated "Baa3" by Moody's, "BB+" by Standard and Poor's and "BBB-" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Risk Factors	See "Risk Factors" and the other information in this Offering Memorandum for a discussion of factors that should be carefully considered before deciding to invest in the 2022 Notes.
Listing	Approval-in-principle has been received for the listing of the 2022 Notes on the SGX-ST. The SGX-ST takes no responsibility for the

	correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the 2022 Notes to the SGX-ST is not to be taken as an indication of the merits of the Issuer or the 2022 Notes.
Trustee	HSBC Bank USA, National Association.

SUMMARY OF THE 2042 NOTES OFFERING

The following is a brief summary of the terms of the offering of 2042 Notes and is qualified in its entirety by the remainder of this Offering Memorandum. For a more complete description of the terms of the 2042 Notes, see "Description of the 2042 Notes" included elsewhere in this Offering Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the 2042 Notes".

Issuer	PT Pertamina (Persero), a state-owned company established with limited liability under the laws of the Republic of Indonesia.
2042 Notes Offered	US$1,250,000,000 6.0% Senior Notes due 2042.
Issue Price of the 2042 Notes	98.631%
Maturity Date	Unless previously repurchased, cancelled or redeemed in accordance with their terms, the 2042 Notes will mature on May 3, 2042.
Interest	The 2042 Notes will bear interest from May 3, 2012 at the rate of 6.0% per annum, payable semi-annually in arrears. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.
Interest Payment Dates	May 3 and November 3 of each year, commencing November 3, 2012.
Record Dates	Each April 18 and October 18 immediately preceding an Interest Payment Date.
Ranking	The 2042 Notes will be direct, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* in right of payment with all other unsecured and unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated debt pursuant to applicable law) and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.
Further Issues	The Issuer will initially issue US$1,250,000,000 in aggregate principal amount of the 2042 Notes. Subject to certain conditions, the Issuer may, however, from time to time, without notice to or the consent of the holders of the 2042 Notes, issue additional notes having the same terms and conditions under the indenture relating to the 2042 Notes as the 2042 Notes in all respects (or in all respects except for the issue date, issue price and the first Interest Payment Date and, to the extent necessary, certain temporary securities law transfer restrictions) so that such additional notes may be consolidated and form a single class with the previously outstanding 2042 Notes

	and vote together as one class on all matters with respect to the 2042 Notes.
Certain Covenants	The Issuer has agreed to observe certain covenants, including, among other things, a negative pledge, and limitations on its ability to consolidate, merge or sell its assets substantially as an entirety. See "Description of the 2042 Notes — Certain Covenants".
	The 2042 Notes and the related Indenture do not otherwise restrict or limit the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates.
Repurchase of Notes upon a Change of Control	Upon the occurrence of events constituting a change of control triggering event for the Issuer, the Issuer will be required to make an offer to purchase all outstanding 2042 Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of such purchase. See "Description of the 2042 Notes — Repurchase of Notes Upon a Change of Control".
Additional Amounts	Subject to certain exceptions, the Issuer will pay such Additional Amounts as will result in receipt by the holder of the 2042 Notes of such amounts as would have been received by such Holder had no deduction or withholding of Indonesian (and certain other) taxes been required. See "Description of the 2042 Notes — Additional Amounts".
Optional Tax Redemption	Subject to certain conditions and exceptions, the 2042 Notes may be redeemed at the option of the Issuer, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for such redemption, in the event that as a result of certain changes in tax laws the Issuer becomes obligated to pay Additional Amounts in respect of certain withholding tax (including Indonesian withholding tax imposed at a rate in excess of 20%). See "Description of the 2042 Notes — Redemption for Taxation Reasons".
Transfer Restrictions	The 2042 Notes have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the 2042 Notes are being offered and sold in the United States only to qualified institutional buyers (as defined in Rule 144A) in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S.

	For a description of these and other restrictions on offers, resales and transfers of the 2042 Notes, see "Plan of Distribution" and "Transfer Restrictions".
Use of Proceeds	The net proceeds from the offering of the 2042 Notes, after deduction of fees and commissions and estimated expenses incurred in connection with this offering, are expected to be approximately US$1,230.3 million. We intend to use net proceeds from this offering to finance capital expenditures and for general corporate purposes.
Governing Law	The 2042 Notes and the related Indenture will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.
Denomination, Form and Registration . .	The 2042 Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. 2042 Notes offered in the United States to qualified institutional buyers in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, or DTC. 2042 Notes offered outside the United States in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without interest coupons deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., as nominee of DTC for the respective accounts of Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream, Luxembourg, each of which is a participant in DTC. DTC will credit the account of each of its participants, including Euroclear and Clearstream, Luxembourg, with the principal amount of 2042 Notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg.
Ratings	The 2042 Notes are expected to be rated "Baa3" by Moody's, "BB+" by Standard and Poor's and "BBB-" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Risk Factors	See "Risk Factors" and the other information in this Offering Memorandum for a discussion of factors that should be carefully considered before deciding to invest in the 2042 Notes.

Listing	Approval-in-principle has been received for the listing of the 2042 Notes on the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the 2042 Notes to the SGX-ST is not to be taken as an indication of the merits of the Issuer or the 2042 Notes.
Trustee	HSBC Bank USA, National Association.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

You should read the following summary consolidated financial information in conjunction with our consolidated financial statements and related notes, "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Memorandum. Our consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from U.S. GAAP. See "Summary of Certain Differences between Indonesian Financial Accounting Standards and U.S. GAAP."

In 2010, we changed our independent public accountants from Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), effective November 29, 2010. See "Independent Public Accountants — Change in Independent Public Accountants".

From January 1, 2011, we revised the accounting method which we used to recognize our participating interests in jointly controlled entities following a change in the applicable accounting treatment of such entities and accordingly, we reassessed our participating interests in the relevant entities and restated the consolidated financial statements as of and for the year ended December 31, 2010. We also reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for (i) the Government's share of gas sales because we are acting as an agent in those agreements on behalf of the Government and (ii) certain expenses related to transportation to deliver LPG to its point of sales. Consequently, we restated our consolidated financial statements as of and for the year ended December 31, 2010. Additionally, certain reclassifications were made to the consolidated financial statements as of and for the year ended December 31, 2010 in order to conform to the same basis on which the consolidated financial statements as of and for the year ended December 31, 2011 were presented. These reclassifications primarily reflect certain changes in accounting standards effective from January 1, 2011. These restatement and reclassification adjustments are described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

In order to present, for our most recent three years, financial information which have been prepared in accordance with the same accounting policies as those used to prepare our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, the restatement and reclassification adjustments described above have been reflected in our consolidated financial statements as of and for the year ended December 31, 2009 as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum. Additionally, as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, our previously reported consolidated financial statements as of and for the year ended December 31, 2009 included restatement adjustments regarding the accounting for concession assets, oil and gas property acquisitions and deferred income tax after we reconsidered the interpretation of facts and circumstances and the applicable accounting treatment around those items, as well as reclassification adjustments to conform to the basis on which the consolidated financial statements as of and for the year ended December 31, 2010 were presented at that time. Also see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Restatement of Consolidated Financial Statements" for more information.

The following summary consolidated financial data as of and for the year ended December 31, 2009 are derived from our consolidated financial statements which have been restated as discussed above, except for the line items related to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above (and as further explained below), and from our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, all of which are included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 were audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), that were applied to restate and reclassify our previously reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 which have been disclosed for informational purposes only), that were applied to restate and reclassify our originally reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

The consolidated financial information related to the consolidated financial statements as of and for the year ended December 31, 2009 presented in this Offering Memorandum (including, without limitation, in "Summary Consolidated Financial and Other Data", "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Memorandum) are presented on an as-restated basis, except for the line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above. Except as noted in the following tables (which show the impact of the restatement and reclassification adjustments to the line items in our consolidated statements of comprehensive income data and consolidated statements of financial position data), other line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 were not affected by the restatement and reclassification adjustments discussed above. Accordingly, the discussion and presentation of such unaffected line items in this Offering Memorandum, whether in tables or paragraphs or other format of presentation, are based on and derived from our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, which are included elsewhere in this Offering Memorandum and were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited), in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

Consolidated Statements of Comprehensive Income Data

	Year Ended December 31,			
	2009 As Restated(1)	2010 Audited As Restated(2)	2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Total sales and other operating revenues	365,347.1	432,049.5	589,765.9	65,038.1
Total cost of sales and other direct costs	322,083.4	388,613.7	526,141.4	58,021.8
Gross profit	43,263.6	43,435.8	63,624.4	7,016.4
Total operating expenses	15,523.9	15,573.2	15,461.1	1,705.0
Income from operations	27,739.7	27,862.6	48,163.4	5,311.4
Total other income/(expenses)	168.1	2,063.1	(9,237.8)	(1,018.7)
Income before income tax expense	27,907.7	29,925.7	38,925.6	4,292.6
Total income tax expense	11,819.6	13,140.6	18,399.9	2,029.1
Income for the year	16,088.1	16,785.1	20,525.7	2,263.5
Other comprehensive income/(loss), net of tax	(1,649.3)	(73.6)	721.6	79.6
Total comprehensive income	14,438.8	16,711.6	21,247.3	2,343.1
Income attributable to:				
Owners of the parent	16,203.2	16,775.6	20,471.6	2,257.6
Non-controlling interest	(115.1)	9.6	54.1	6.0
Income for the year	16,088.1	16,785.1	20,525.7	2,263.5
Total comprehensive income attributable to:				
Owners of the parent	14,459.7	16,731.1	21,192.3	2,337.0
Non-controlling interest	(20.9)	(19.5)	55.0	6.1
Total comprehensive income	14,438.8	16,711.6	21,247.3	2,343.1

Notes:

(1) This should be read in conjunction with the "Management's Discussion and Analysis of Financial Results and Operations — Restatement of Consolidated Financial Statements" and Notes 4a and 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

The table presented below shows, for the year ended December 31, 2009:

(a) our consolidated statement of comprehensive income, before restatement and as audited and reported on by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited);

(b) the restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications;

(c) our consolidated statement of comprehensive income, as previously reported;

(d) the restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications; and

(e) our consolidated statement of comprehensive income, as restated.

Our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

The adjustments that were applied to restate and reclassify the as previously reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report appearing elsewhere in this Offering Memorandum. The adjustments that were applied to restate and reclassify the originally reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

Year Ended December 31, 2009

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Consolidated statement of comprehensive income							
Domestic sales of crude oil, natural gas, geothermal energy and oil products	303,770.7	(6,048.7)	—	297,721.9	(536.9)	(6,029.8)	291,155.3
Certain fuel (BBM) products and LPG costs subsidy reimbursements from the Government	41,366.1	—	—	41,366.1	—	—	41,366.1
Export of crude oil and oil products	28,571.2	—	—	28,571.2	390.0	—	28,961.2
Marketing fees	1,409.1	—	—	1,409.1	—	—	1,409.1
Revenues in relation to other operating activities	3,229.4	(773.9)	—	2,455.5	—	—	2,455.5
Total sales and other operating revenues	**378,346.4**	**(6,822.6)**	**—**	**371,523.8**	**(147.0)**	**(6,029.8)**	**365,347.1**
Cost of goods sold	309,341.8	—	—	309,341.8	(215.8)	(4,055.6)	305,070.4
Upstream production and lifting costs	12,836.9	91.0	(513.3)	12,414.6	—	—	12,414.6
Exploration costs	1,978.2	—	—	1,978.2	—	—	1,978.2
Expenses in relation to other operating activities	2,327.6	—	292.7	2,620.3	—	—	2,620.3
Total cost of sales and other direct costs	**326,484.5**	**91.0**	**(220.7)**	**326,354.8**	**(215.8)**	**(4,055.6)**	**322,083.4**
Gross profit	**51,861.9**	**(6,913.6)**	**220.7**	**45,169.0**	**68.8**	**(1,974.2)**	**43,263.6**
Selling and marketing expenses	14,225.4	(7,139.1)	—	7,086.3	—	(1,974.2)	5,112.2
General and administration expenses	10,184.1	—	220.7	10,404.8	7.0	—	10,411.8
Total operating expenses	**24,409.6**	**(7,139.1)**	**220.7**	**17,491.2**	**7.0**	**(1,974.2)**	**15,523.9**
Income from operations	27,452.3	225.5	—	27,677.8	61.9	—	27,739.7
Share in net income of associates	88.6	—	142.1	230.8	(41.0)	—	189.8
Foreign exchange gain — net	149.2	—	—	149.2	18.1	—	167.3
Finance income	1,333.3	—	—	1,333.3	—	—	1,333.3
Finance costs	(1,830.5)	(158.0)	—	(1,988.4)	(14.6)	—	(2,003.0)
Other income — net	626.5	—	(142.1)	484.4	(3.8)	—	480.6
Total other income — net	**367.2**	**(158.0)**	**—**	**209.3**	**(41.3)**	**—**	**168.0**
Income before income tax expense	27,819.6	67.5	—	27,887.1	20.7	—	27,907.7
Current tax	8,995.1	—	—	8,995.1	13.8	—	9,008.9
Deferred tax	3,145.5	(338.8)	—	2,806.7	4.0	—	2,810.7
Total income tax expense	**12,140.6**	**(338.8)**	**—**	**11,801.8**	**17.8**	**—**	**11,819.6**
Income before minority interests	15,679.0	406.3	—	16,085.3	2.8	—	16,088.1
Minority interests	117.9	—	—	117.9	(2.8)	(115.1)	—
Net income	**15,796.9**	**406.3**	**—**	**16,203.2**	**—**	**(16,203.2)**	**—**
Income for the year*	—	—	—	—	—	16,088.1	16,088.1
Other comprehensive income	—	—	—	—	—	212.5	212.5
Difference arising from translation of foreign currency financial statements	—	—	—	—	—	(1,861.8)	(1,861.8)
Other comprehensive loss, net of tax	—	—	—	—	—	(1,649.3)	(1,649.3)
Total comprehensive income	—	—	—	—	—	**14,438.8**	**14,438.8**
Income attributable to:							
Owners of the parent	—	—	—	—	—	16,203.2	16,203.2
Non-controlling interest	—	—	—	—	—	(115.1)	(115.1)
Total comprehensive income attributable to:							
Owners of the parent	—	—	—	—	—	14,459.7	14,459.7
Non-controlling interest	—	—	—	—	—	(20.9)	(20.9)

* Consists of net income as previously reported and minority interests after restatement adjustments

(2) As restated. See Note 4a to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

Consolidated Statements of Financial Position (Balance Sheets) Data

	As of December 31,			
	2009 As Restated(1)	2010 Audited As Restated(2)	2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Total current assets	160,786.8	126,764.9	156,819.5	17,293.7
Total non-current assets	141,963.7	139,731.9	155,179.6	17,112.9
Total assets	302,750.5	266,496.8	311,999.1	34,406.6
Total short-term liabilities	91,275.8	95,507.5	113,276.0	12,491.8
Total long-term liabilities	68,698.3	66,308.8	80,383.4	8,864.5
Total liabilities	159,974.1	161,816.3	193,659.5	21,356.4
Total equity	142,776.4	104,680.6	118,339.6	13,050.2
Total liabilities and equity	302,750.5	266,496.8	311,999.1	34,406.6

Notes:

(1) This should be read in conjunction with the "Management's Discussion and Analysis of Financial Results and Operations — Restatement of Consolidated Financial Statements" and Notes 4a and 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

The table presented below shows, as of December 31, 2009:

(a) our consolidated statement of financial position, as audited and reported on by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited);

(b) the restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications;

(c) our consolidated statement of financial position, as previously reported;

(d) the restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications; and

(e) our consolidated statement of financial position, as restated.

Our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

The adjustments that were applied to restate and reclassify the as previously reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report appearing elsewhere in this Offering Memorandum. The adjustments that were applied to restate and reclassify the originally reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

As of December 31, 2009

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Consolidated statement of financial position							
Cash and cash equivalents	14,739.5	—	—	14,739.5	47.8	—	14,787.2
Restricted funds — net	2,993.6	—	—	2,993.6	—	—	2,993.6
Short-term investments	1,565.8	—	—	1,565.8	—	—	1,565.8
Long-term investments — current portion	1,000.0	—	—	1,000.0	—	—	1,000.0
Trade receivables — related parties — net	925.7	—	—	925.7	(446.8)	14,711.3	15,190.3
Trade receivables — third parties — net	26,370.3	—	186.4	26,556.7	332.9	(14,747.3)	12,142.3
Due from the Government — current portion	9,867.3	—	(93.7)	9,773.6	—	—	9,773.6
Other receivables — related parties — net	72.6	—	—	72.6	—	46.4	119.0
Other receivables — third parties — net	1,056.5	—	251.7	1,308.2	24.9	(10.4)	1,322.6
Inventories — net	52,390.8	—	—	52,390.8	32.7	—	52,423.5
Prepaid taxes — current portion	1,378.8	—	—	1,378.8	104.5	—	1,483.3
Prepayments	571.2	—	—	571.2	2.6	—	573.8
Dividend advances and others	47,411.7	—	—	47,411.7	—	—	47,411.7
Total current assets	160,343.8	—	344.3	160,688.2	98.6	—	160,786.8
Due from the Government — net of current portion	10,127.7	—	—	10,127.7	—	—	10,127.7
Deferred tax assets — net	6,014.0	284.0	—	6,298.0	0.3	—	6,298.3
Long-term investments — net of current portion	7,224.5	—	—	7,224.5	(320.6)	—	6,903.9
Fixed assets — net	59,294.9	1,688.2	—	60,983.1	581.4	—	61,564.5
Oil & gas, and geothermal properties — net	35,122.0	—	—	35,122.0	—	—	35,122.0
Concession assets — net	11,503.6	(11,503.6)	—	—	—	—	—
Prepaid taxes — net of current portion	—	—	15,999.8	15,999.8	—	—	15,999.8
Other assets — net	21,181.9	767.8	(15,999.8)	5,949.9	(2.3)	—	5,947.6
Total non-current assets	150,468.6	(8,763.7)	—	141,704.9	258.9	—	141,963.7
Total assets	310,812.4	(8,763.7)	344.3	302,393.0	357.5	—	302,750.5
Short-term loans	14,760.6	—	—	14,760.6	—	—	14,760.6
Trade payables — related parties	867.0	—	—	867.0	(277.9)	469.1	1,058.3
Trade payables — third parties	21,388.4	—	186.3	21,574.7	224.7	(469.1)	21,330.2
Due to the Government — current portion	30,842.9	—	(93.7)	30,749.2	—	250.0	30,999.2
Taxes payable	4,552.4	—	—	4,552.4	9.8	—	4,562.2
Accrued expenses	7,787.0	—	—	7,787.0	5.1	(250.0)	7,542.2
Long-term liabilities — current portion	5,109.4	203.4	—	5,312.9	52.8	—	5,365.6
Other payables — related parties	616.9	—	—	616.9	—	—	616.9
Other payables — third parties	4,371.7	—	251.7	4,623.4	2.7	—	4,626.1
Deferred revenue — current portion	1,268.7	(854.2)	—	414.6	—	—	414.6
Total current liabilities	91,565.0	(650.7)	344.3	91,258.6	17.2	—	91,275.8

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Due to the Government — net of current portion	5,199.1	—	—	5,199.1	—	—	5,199.1
Deferred tax liabilities — net	3,774.8	767.8	—	4,542.6	—	—	4,542.6
Long-term liabilities — net of current portion	17,111.9	1,484.7	—	18,596.6	338.5	—	18,935.1
Provision for employee benefits	30,621.0	—	—	30,621.0	0.2	—	30,621.2
Provision for decommissioning and site restoration	6,099.0	—	—	6,099.0	—	—	6,099.0
Deferred revenue — net of current portion	13,662.4	(11,036.0)	—	2,626.4	—	—	2,626.4
Other non-current payables	660.8	—	—	660.8	14.0	—	674.8
Total non-current liabilities	77,129.1	(8,783.5)	—	68,345.6	352.7	—	68,698.3
Total liabilities	168,694.1	(9,434.2)	344.3	159,604.2	369.9	—	159,974.1
Minority interests in net assets of consolidated subsidiaries	634.1	—	—	634.1	(12.4)	(621.7)	—
Share capital							
Authorized — 200,000,000 ordinary shares at par value of Rp. 1,000,000 (full amount) per share, issued and paid up — 82,569,779 shares	82,569.8	—	—	82,569.8	—	—	82,569.8
Equity adjustments	(22,343.9)	—	—	(22,343.9)	—	—	(22,343.9)
Government contributed assets pending final clarification of status	558.9	—	—	558.9	—	—	558.9
Other equity components	—	—	—	—	—	(47.7)	(47.7)
Differences arising from translation of foreign currency financial statements	33.0	—	(211.9)	(178.9)	—	178.9	—
Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	(80.7)	—	211.9	131.2	—	(131.2)	—
Retained earnings — appropriated	5,946.5	—	—	5,946.5	—	—	5,946.5
Retained earnings — unappropriated	74,800.7	670.5	—	75,471.2	—	—	75,471.2
Non-controlling interest	—	—	—	—	—	621.7	621.7
Total equity	141,484.3	670.5	—	142,154.8	—	621.7	142,776.4
Total liabilities and equity	310,812.4	(8,763.7)	344.3	302,393.0	357.5	—	302,750.5

(2) As restated. See Note 4a to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

Consolidated Statements of Cash Flows Data

	Year Ended December 31,			
	2009 As Restated[(1)]	2010 Audited As Restated[(1)]	2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Net cash generated from operating activities	12,783.3	22,031.5	13,889.4	1,531.7
Net cash used in investing activities	(18,749.9)	(16,012.8)	(17,648.3)	(1,946.2)
Net cash generated from financing activities	7,523.4	496.1	11,676.5	1,287.7

Note:

(1) As restated. See Notes 4a and 4b to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

Other Financial Data[(1)]

	Year Ended December 31,			
	2009	2010	2011	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions, unless otherwise indicated)			
Capital expenditure	18,750.4	17,311.6	19,139.2	2,110.6
Interest expense[(2)]	565.9	991.7	1,275.9	140.7
EBITDA[(3)]	33,851.1	38,251.1	47,218.1	5,207.1
Total debt[(4)]	36,031.3	40,159.0	57,522.9	6,343.5
Total debt/EBITDA	1.0	1.0	1.2	1.2
EBITDA/Total sales and other operating revenues (%)	9.3	8.9	8.0	8.0
Total debt to Total equity (%)	25.2	38.4	48.6	48.6
EBITDA/Interest expense (times)	59.8	38.6	37.0	37.0

Notes:

(1) Amounts presented in this table as of or for the years ended December 31, 2009 and 2010 are presented on an as-restated basis, See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Restatement of Consolidated Financial Statements".

(2) Interest expense is comprised of finance costs for short-term loans and long-term loans including the two-step loan and bonds. For details of the two-step loan and bonds, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness". The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

(3) We calculate EBITDA by adding depreciation, depletion and amortization, interest expense (as described in footnote (2) above) and income tax expense to net income and subtracting interest income. EBITDA is a supplemental measure of our performance and liquidity that is not required by or presented in accordance with IFAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under IFAS or U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFAS or U.S. GAAP or an alternative to cash flows from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such term may not be possible. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. The following table reconciles our net income under IFAS to our definition of EBITDA for the periods indicated:

	Year Ended December 31,			
	2009	**2010**	**2011**	**2011**
	Rp.	**Rp.**	**Rp.**	**US$**
	(Rp. in billions and US$ in millions)			
Income for the year	16,088.1	16,785.1	20,525.7	2,263.5
Adjustments:				
Interest income*	(1,333.3)	(814.1)	(1,034.8)	(114.1)
Interest expense*	565.9	991.7	1,275.9	140.7
Income tax expense	11,819.6	13,140.6	18,399.9	2,029.1
Depreciation, depletion and amortization	6,710.8	8,147.8	8,051.4	887.9
EBITDA	33,851.1	38,251.1	47,218.1	5,207.1

* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

(4) Total debt is comprised of short-term loans, bank loans (including current portion). the two-step loan and bonds. For details of the two-step loan and bonds, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness".

RISK FACTORS

An investment in the Notes involves certain risks. You should carefully consider all of the following factors, in addition to all of the information contained in this Offering Memorandum including the consolidated financial statements included herein and the related notes thereto, prior to investing in the Notes. The factors described below are not the only ones facing our company. Additional factors not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading prices of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Company

The volatility in the prices of crude oil, natural gas and our refined products and the uncertainty of the market dynamics for oil and gas could adversely affect our business, financial condition, results of operations and prospects.

Our profitability is significantly affected by the prices of, and demand for, crude oil, natural gas and refined products and the difference between the prices received for the crude oil, natural gas and refined products we produce and the costs of exploring for, developing, producing, transporting and selling these products. The international market for crude oil, natural gas and refined products is volatile, and has in recent years been characterized by significant price fluctuations. For example, the monthly average price of Indonesian Crude Price-Sumatra Light Crude Minas increased from US$61.57 per barrel in December 2006 to a high of US$138.72 in July 2008, and was US$124.63 in March 2012. The volatility of the market prices of crude oil, natural gas and refined products is 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 and the Strait of Hormuz, Syria, Iran and Iraq), Latin America, Northern Africa (particularly Libya) and Western Africa;
- the ability of the Organization of Petroleum Exporting Countries and other petroleum-producing nations to set and maintain production levels and therefore influence market prices;
- supply levels and costs of substitute energy sources, such as coal;
- domestic and foreign government regulations with respect to oil and energy industries in general;
- fluctuations in exchange rates between the U.S. Dollar and the Rupiah;
- the level and scope of activity of global oil and natural gas exploration and production, global oil and natural gas inventories, oil speculators and other commodity market participants;
- weather conditions and seasonality;

- changes to crude oil, natural gas and refined products pricing policies in Indonesia; and
- overall global, domestic and regional economic conditions.

Although we believe that the oil and gas price assumptions on which we have based our long-term development and budget projections are realistic and sustainable, there can be no assurance that the recent increases in the price of energy, and in particular in the price of crude oil, will continue or be sustained. Volatility and any significant decreases in the price of crude oil and natural gas, or any market or operational developments that increase our costs of lifting crude oil and natural gas from our existing or future operations may have a material adverse effect on our business, financial condition, results of operations and prospects. For further details regarding the effect of crude oil and natural gas prices on our financial results, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operation — Price of Crude Oil, Natural Gas and Refined Products".

We are subject to the control of the Government and there is no guarantee that they will always act in our best interests. We also derive certain benefits from being a state-owned entity, and we cannot guarantee that any or all of these benefits will continue.

The Republic of Indonesia is our sole shareholder and, through its agencies, it is likely to continue to retain control over us. The Government has historically influenced, and is likely to continue to influence, our strategy, operations and management policies. The Government also has the ability to influence and control other Government-related entities we conduct business with. The Government is likely to retain control of us as our sole shareholder, which gives the Government powers with respect to approving matters such as the election and removal of members of our Board of Commissioners and Board of Directors, amendments to our Articles of Association, changes in our capital structure and mergers and acquisitions, consolidation or liquidation. For further details, see "Relationship with the Government".

The Government also has the power to control the amount and timing of dividends payable by us to them as our sole shareholder. We have historically been required to pay dividends to the Government as an estimated amount based on a specified percentage of our distributable profit as shown in our unaudited financial statements in advance of our audited financial statements becoming available. There can be no assurance that if the amount of the estimated dividend is found to be excessive once the audited financial statements become available that the Government will return the excess amount paid to us. There can also be no assurance that the Government will not require abnormally large dividends in any given year if it is facing a significant deficit or for other reasons.

The Government could further affect us through other actions, such as the renegotiation or nullification of existing concessions and contracts, the imposition of taxes and foreign exchange restrictions or requiring that we supply fuel to other Government-owned entities at a discounted rate. We also derive certain benefits from being a Government-owned entity, including a favorable allocation of net crude entitlement under the PSC for our operational blocks, access to loans which have favorable terms and are only available to Government-owned entities and a right to request to enter into any cooperation contracts which have already expired for any oil and gas blocks in Indonesia. There can be no assurance that the Government will exercise its control and influence to our benefit or continue to allow us to enjoy such benefits.

If we are required to act in the Government's interests and those interests differ from our interests, or if the Government favors the interests of others, or if the Government decides to remove or reduce any of the benefits we currently enjoy from them, such action could have a material adverse effect on our business, financial condition, results of operations and prospects.

The amount of working capital we require for our operations is significant and fluctuates. Our operations may be adversely affected if we do not have sufficient working capital to meet our cash and operational requirements, which may occur as a result of delays in the payment of subsidies which we are owed or for any other reasons.

We expend a significant amount of cash in our operations, principally on the import of crude oil and refined products. In particular, one of our principal operating costs is the acquisition of crude oil feedstock for our refineries. Volatility in market prices for crude oil, natural gas and refined products and fluctuations in exchange rates causes our working capital and costs for our operations to be uncertain.

We fund our operations principally through cash flow from operations, short term working capital facilities (including bank overdrafts, letters of credit and revolving credit facilities) and long term bank loans. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources". A significant portion of our cash flow from operations is comprised of subsidy payments under our PSO mandate. To receive subsidy payments, we submit a subsidy claim at the end of each month for the subsidized fuel distributed that month. Although we typically receive 95% of the subsidy claim within a month of its submission, there is no mandatory fixed timeframe in which the Government is required to make such subsidy payments to us. There can be no assurance that we will not experience delays in the payment of such subsidies. For more details, see "Business — Pertamina Downstream Business — PSO". If our revenues are insufficient to cover our working capital needs as a result of low crude oil and natural gas prices, delays in subsidy payments, operating difficulties, declines in reserves or for any other reason, we may be unable to obtain the working capital necessary to sustain our operations and we may have to seek alternative sources of funding for our operations. We can provide no assurance that we will not experience negative cash flows in the future. If we fail to generate sufficient revenue from our operations, or if we fail to obtain or maintain sufficient cash and banking facilities, we may not have sufficient cash flow to fund our operations and we may not be able to procure alternative sources of funding on satisfactory terms or at all to meet our liquidity requirements.

Our operations are subject to significant operating risks and hazards, for which we may not be fully insured.

We are subject to operational risks and hazards that are common among companies in the oil, gas and geothermal industry, including, but not limited to, the following:

- *Exploration and production risks:* risks related to fluctuations in oil, gas and steam production that may be affected by reserve levels, accidents, mechanical difficulties, work stoppages, adverse natural conditions, such as bad weather or natural disasters, as well as the inability to manage unforeseen production costs;

- *Equipment risks:* risks related to the adequacy and condition of our oil, gas and steam production facilities and our refineries, including situations where equipment becomes obsolete;

- *Transportation risks:* risks related to the condition of oil and gas pipelines and vulnerability and costs of other modes of transportation, such as oil and chemical tankers; and

- *Storage risks:* risks related to the condition of oil and gas storage tanks and other storage facilities and their compliance with safety and environmental standards.

In particular, our business is subject to significant risk of fires, explosions, oil spills, well blowouts, leakage, release of toxic fumes, lightning strikes, deliberate attacks and other unexpected or dangerous conditions that may cause personal injuries or death, property damage, environmental damage and interruption of operations. On April 2, 2011, a fire occurred at one of our refineries, RU IV Cilacap. The fire damaged several tanks which contained various oil products. Additionally, certain of our operations and facilities are located offshore and subject to dangers inherent in marine operations. These dangers include capsizing, sinking, grounding and damage from severe weather conditions, which could also result in injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of our operations.

While we are prepared and our personnel are trained to deal with such hazards, if we are unable to quickly fix any resulting damage, our drilling and production schedules and refining operations could be materially delayed and our financial condition and results of operation would 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.

We are not fully insured against these operating risks and other types of losses, such as those due to acts of war, either because such insurance is not available or because of high premium costs. We are also not insured for the full value of all of our operational assets as our policy is to obtain insurance in an amount to cover the value of certain high-value assets within each operational asset. The occurrence of a significant event that we are not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on us. In addition, we do not carry coverage for product liability insurance for the majority of our refined fuel and non-fuel products. We and our operating partners will be required to bear any costs associated with any incidents to the extent that such costs are uninsured or exceed the amount of such insurance. We may also lose 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. For a description of the insurance we maintain to protect against operating risks and hazards, see "Business — Insurance".

Our activities in or in connection with certain countries could lead to U.S. sanctions.

U.S. laws and regulations identify certain countries, including Iran, Sudan and Syria, as state sponsors of terrorism and currently impose economic sanctions against these and other countries. Certain activities and transactions in these countries are banned, particularly activities and transactions involving U.S. persons or U.S.-origin goods, technology or services. Violations of these prohibitions by persons required to comply with the laws and regulations can trigger penalties, including criminal and civil fines and imprisonment.

Iran

The Iran Sanctions Act of 1996, as amended ("ISA") and the Executive order ("E.O.") 13590 authorize the President of the U.S. to impose certain sanctions on companies that, among other things, make certain investments in Iran relating to the development of petroleum resources, sell or provide certain levels of refined petroleum products to Iran, or provide to Iran or its government goods, services, technology, or support that could significantly assist Iran in producing refined petroleum products or petrochemical products, developing petroleum resources, or importing refined petroleum products. Sanctions that could be imposed under ISA and E.O. 13590 include denial of financing by the

U.S. Export-Import Bank, limitations on the amount of loans or credit available from U.S. financial institutions, blocking of a company's property within U.S. jurisdiction. If blocking were applied to our property, U.S. individuals and entities would be prohibited from engaging in transactions with us, and we could not engage in business activities in the U.S. In addition, U.S. transactions in our securities and distributions to U.S. individuals and entities with respect to our securities could also be prohibited.

Currently, our activities with respect to Iran include a dormant joint venture between us and the National Iranian Oil Company (through its subsidiary, the Oil Refining Industries Development Company) to build a refinery in Banten Bay in Indonesia. We were in the process of evaluating the feasibility of the project prior to it becoming dormant, and thus have made no significant investments in this project to date, and do not plan to make any significant capital expenditures for the next few years even if the project goes forward. We also import LPG through Petredec, a trading company incorporated in Bermuda, and understand that part of the LPG we import is supplied to Petredec by Iran Petrochemical Commercial Co ("IPCC"). In 2011, 838,145.1 mt of LPG out of the total volume of 1,991,774.3 mt of LPG imported by us was sourced by Petredec from IPCC and the value of the LPG sourced from IPCC was approximately US$737 million out of our total cost of purchasing oil products, natural gas and geothermal energy in 2011 of Rp. 224,369.1 billion (US$24,743.0 million). We do not deal directly with IPCC, nor do we have any discretion in respect of the source of the LPG supplied by Petredec under our term contract with Petredec. We are not a U.S. person and no U.S. persons are involved in the Iranian project or in the term contract with Petredec on our behalf. None of the proceeds of the offering of the Notes are earmarked for any expenditures relating to our activities involving Iran. In addition, we do not believe that our current or proposed activities involving Iran are or would be subject to the discretionary sanctions of the ISA.

Sudan

Our activities in Sudan consist of the importation of Nile blend crude oil on a spot basis through a third-party intermediary and a 15% ownership interest in an offshore exploration block in Sudan. In January 2011, we imported 567,738 barrels of oil from Sudan through our intermediary, representing approximately 0.6% of our total crude imports for that year. We ceased the importation of oil from Sudan from February 2011. With respect to our partial interest in the Sudanese exploration block, we have since 2008 incurred approximately US$7.0 million in capital expenditures on the project; our budgeted capital expenditure for the project in 2012 is US$0.4 million, representing less than 0.01% of our total budgeted capital expenditure for 2012. None of the proceeds of the offering of the Notes are earmarked for any expenditures relating to our activities involving Sudan. We also maintain a small branch office in Sudan with ten employees, none of whom are U.S. persons.

U.S. Divestment Legislation

Additionally, certain U.S. states have adopted legislation requiring state pension funds to divest themselves of investments in any company with active business operations in Sudan or Iran. If our activities in Sudan or Iran were determined to fall within the scope of these laws, and we were to not qualify for exemptions provided by such laws, certain U.S. state pension funds that hold interests in our securities may be required to sell their interests. If significant, such sales could have an adverse effect on the price of our securities.

There can be no assurance that other persons and entities with whom we now, or in the future may, engage in transactions and employ will not become targets of U.S. and international sanctions. There can be no assurance that the countries in which we currently operate will not be subject to further and more restrictive sanctions in the future. There can be no assurance that the U.S. Treasury Departments Office of Foreign Assets Control ("OFAC") or other U.S. and international government agencies will not impose sanctions on other countries or entities with which we currently operate or may in the future operate. There can be no assurance that we will not make future or additional investments in countries that are targets of OFAC or other U.S. and international sanctions, or that will not become targets of sanctions ourselves. Furthermore, we and investors in the Notes may incur reputational or other risk as the result of our potential dealings with sanctioned persons or countries.

We are subject to audit by BPMIGAS and/or the Government which may result in claims by them against us. We are also currently in a dispute with the Indonesian tax authorities with respect to corporate income tax and value-added tax. The outcome of any such claims and dispute is uncertain.

Under the terms of its Cooperation Contract, PEP is subject to audit by BPMIGAS and the Government which may result in claims against us. In practice, claims arising from such audits may be discussed between us and BPMIGAS or the Government if PEP's management does not agree with them. In addition, the Supreme Audit Agency ("BPK") of Indonesia audits the accounting records and bookkeeping of PEP on behalf of the Government. If BPK makes any claims relating to cost recovery under any cooperation contracts or PSCs and we are required to make settlement of such claims, our liquidity and financial condition could be adversely affected.

We are currently in a dispute with the Indonesian tax authorities over an amount of Rp. 2,652.7 billion (US$292.5 million) for corporate income tax with respect to the fiscal years 2003 through 2005, and Rp. 2,790.6 billion (US$307.7 million) for value added tax with respect to export sales and sales of international aviation fuel in 2007. The corporate income tax dispute arose as a result of an inconsistency in the beginning balance of our financial records (as shown in the Government's records) and our audited consolidated financial statements for the same period. As a result of this inconsistency, we believe that we have overpaid our corporate income tax liability by Rp. 2,652.7 billion and have appealed for a refund of this amount and the matter is currently pending before the Indonesian Tax Court. The value-added tax dispute arose as we believe that export sales and sales of international aviation fuel should not be subject to value-added tax. We have however, paid the disputed amount and have appealed for a refund of this amount. The matter is currently pending before the Indonesian Tax Court. We expect to receive responses from the Indonesian Tax Court but are unable to determine the timing or the probable outcome of our appeals. We have not made a provision in our consolidated financial statements with respect to any potential liability in connection with these dispute. If these disputes are resolved in our favor, the refunded amount would be credited against our future tax liabilities. If these disputes are not resolved in our favor, we would not receive any refunds of these disputed amounts. If there are any disputes with the Indonesian tax authorities in the future, we may be liable to pay the disputed amounts, as well as accrued interest and penalties, which could materially and adversely affect our liquidity and financial condition.

We may be unable to accomplish our development plans on schedule or within our budgeted costs or that these plans, if completed, will achieve our development aims.

Our development plans include securing additional sources of crude oil for our refineries through strategic acquisitions, joint ventures and investments domestically and internationally, increasing our offshore deepwater exploration and production capability, expanding our refining capacity, upgrading the Nelson Complexity Index ("NCI") of our refineries and expanding our geothermal and LNG businesses. See "Business — Business Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditures". Our development plans may relate to areas in which we have limited or no prior investment or operational experience, and there can be no assurance that we will be successful in our efforts operating in such areas or that we will able to achieve our aims in the manner anticipated or at all. In such a case, our business, financial condition, results of operations and prospects could be adversely affected.

The budgeted costs for our development plans are estimates only and will not be known until the contracts for such plans are finalized. There can be no assurance that factors outside of our control, such as fluctuations in raw material costs, technical difficulties, unexpected development expenses, delays in the delivery of equipment or materials, adverse weather conditions or labor disputes, will not result in cost overruns that will increase the costs of the projects and require us to seek additional financing. In the event that we need to seek additional financing, there can be no assurance that such financing will be offered at all or on terms acceptable to us. Any of these factors could also give rise to delays in development and completion of our projects, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on our joint venture partners and third-party independent contractors in connection with our exploration and production operations and to implement our development programs.

Many of our major projects and operations are conducted through joint ventures. In certain cases, we may have limited influence over and control of the behavior, performance and cost of operations in which we hold an equity interest or contractual interest and hence are dependent on our joint venture partners to implement our development plans and our ability to identify and manage risks may be reduced. Additionally, our partners or members of a joint venture or associated company (including local partners in our international operations) may not be able to meet their financial or other obligations to the projects, threatening the viability of a given project. For example, we have not been appointed by BPMIGAS as the operator in the PSC relating to the Cepu block. Mobil Cepu Ltd., a subsidiary of ExxonMobil, is the operator of the Cepu block and while this block is in early production of limited quantities of oil and gas, full production was scheduled to commence in 2008 but has been delayed. As a party to this PSC, we have to share in the consequences of this delay with the other counterparties even though we are not in control of the operation of the Cepu block.

Although we are the operator under substantially all of our production sharing arrangements, we are dependent on independent third party contractors to undertake specialized tasks such as rig drilling and production optimization in connection with our exploration and production operations.

There is a risk that such counterparties will fail to meet their obligations as specified or underperform on contractual obligations, whether as a result of financial or operational difficulties or otherwise. Our exploration and production operations or development plans at sites affected by such failure may be disrupted for a substantial period of time to allow the terminated contractor to be replaced or for issues faced by or between the joint venture partners to be resolved. Further, should any agreements with such joint venture partners or contractors be terminated, we cannot assure you that a suitable replacement can be found within a reasonable time or at all. Any material failure by our partners or third-party contractors to adequately perform under their contractual obligations may materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to consummate future acquisitions, joint ventures or investments. In addition, any acquisitions, joint ventures or investments which we are able to consummate could adversely affect us.

We have in the past, and expect in the future to continue to pursue strategic acquisitions, joint ventures and investments that will expand our oil, gas and geothermal businesses and our activity in the oil, gas and geothermal industry generally. In particular, in our upstream business, our strategy is to continue to pursue such strategic acquisitions, joint ventures and investments domestically as well as internationally. We may not be able to identify or complete additional acquisitions, joint ventures or investments on commercially attractive terms or at all. Even if such acquisitions, joint ventures or investments are consummated, we may not realize any anticipated benefits from them.

In addition, we may pursue additional acquisitions, joint ventures and investments in areas of the oil, gas and geothermal sector outside of our core businesses, and in new or unfamiliar geographic regions where our knowledge and expertise may be lower and our experience may be limited. We may not be able to obtain financing to support any such acquisitions, joint ventures and investments on attractive terms or at all. We may also be subject to foreign or domestic regulatory restrictions, which may limit our ability to consummate future acquisitions, joint ventures or investments. The process of integrating acquired operations, joint venture operations and investments into our existing operations may result in unforeseen difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of our existing operations.

Future acquisitions, joint ventures and investments could result in the incurrence of additional debt, contingent liabilities and amortization expenses related to goodwill and other intangible assets and increased capital expenditures, interest and other costs, any of which could have a material adverse effect on our financial condition and operating results by reducing our net profit or increasing our total liabilities, or both. Any of these factors could adversely affect our business, financial condition, results of operations or prospects.

We do not have free and clear title to a significant portion of our land assets.

In connection with our conversion into a limited liability company in 2003, among other non-operating assets, land assets were transferred to us and reflected in our opening balance sheet as of September 17, 2003. We do not have free and clear title to nearly half of these land assets by area, as the legal documentation for such land is not in our possession, has expired or is otherwise not in order, or we are not in occupation of the land in question. We are taking steps to obtain the necessary documentation for the land prior to addressing issues relating to the occupation of the land. There can be no assurance that we will be able to obtain the necessary documentation for all or any of the land over which we do not currently hold free and clear title. Under Indonesian land regulations, not being in possession of the necessary documentation for land assets could result in a loss of entitlement to such land. If our title over such land was abolished, we would have to clear any fixtures from the land and return it to the state or deemed owner of the land within one year from the date of abolishment of our title. There can also be no assurance that we will be able to regain possession of land which is currently occupied by third parties.

We are exposed to credit risk on our trade receivables.

As of December 31, 2011, we had trade receivables of Rp. 32,116.7 billion (US$3,541.8 million), approximately 61.3% of which was owed to us by our related parties in connection with fuel which they purchased from us. Out of this amount, Rp. 13,869.0 billion (US$1,529.4 million) is owed to us by PT Perusahaan Listrik Negara (Persero) (“PLN”) and its subsidiaries, our related party and a Government-owned electricity company and Rp. 3,886.0 billion (US$428.5 million) is owed for us by the Indonesian Armed Forces and the Indonesian Police.

Our outstanding trade receivables are not covered by credit insurance and we do not require collateral cover for trade receivables from the Government or Government-related entities (although certain of our trade receivables from unrelated parties are covered by collateral). As at December 31, 2011, we have made a provision for impairment of Rp. 340.9 billion (US$37.6 million) against trade receivables owed to us by our related parties. Rp. 244.1 billion (US$26.9 million) of such trade receivables have been outstanding for over two years. Although we have procedures to monitor and limit exposure to credit risk on our outstanding accounts receivables for unrelated third party entities, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could materially adversely affect our financial condition and results of operations.

Furthermore, because the Government is our sole shareholder, we may have limited courses of action against such counterparties. See "— We are subject to the control of the Government and there is no guarantee that they will always act in our best interests. We also derive certain benefits from being a state-owned entity, and we cannot guarantee that any or all of these benefits will continue".

Our business is capital intensive, and if we are unable to obtain financing on reasonable terms to fund future capital expenditures, 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, gas and geothermal reserves as well for our downstream business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — Growth Strategy". Our capital expenditures as of December 31, 2011, 2010 and 2009 were Rp. 19,139.2 billion (US$2,110.6 million), Rp. 17,311.6 billion and Rp. 18,750.4 billion, respectively. Our budgeted capital expenditures for 2012 and 2013 amount to Rp. 51,833.8 billion and Rp. 77,928.4 billion, respectively. Our ability to obtain required capital on acceptable terms is subject to a variety of uncertainties, including: limitations on the our ability to incur additional debt, including prospective lenders' evaluations of our creditworthiness, restrictions on incurrence of debt in our existing and anticipated credit facilities, prevailing conditions in the 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 such financings will be available or sufficient to meet our requirements or on acceptable terms. An inability to access sufficient capital for our operations and capital expenditure requirements could adversely affect our business, financial condition, results of operations or prospects.

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

We are dependent on certain key senior management employees. If we lose the services of any of our key executive officers, it could be very difficult to find, relocate and integrate adequate replacement personnel into our operations, which could seriously 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, gas and geothermal operations. The media has reported that there are few people in Indonesia who have the education and training to perform jobs in oil, gas and geothermal fields and refineries in Indonesia. Even if we are able to attract, integrate and retain new qualified technical personnel, it may be on unfavorable terms. If we are unable to retain our current workforce or hire qualified technical personnel in the future, our operations could be adversely affected.

A substantial portion of our workforce is unionized, and we may face labor disruptions that would interfere with our operations.

A substantial number of our employees are unionized. 17 of our labor unions form a federation (*Federasi Serikat Pekerja Pertamina Bersatu*). The rights and responsibilities under our relationship with the unions are formulated in a collective labor agreement (*Perjanijian Kerja Bersama*) entered into between the unions and our Company. This agreement is valid for two years. Our collective agreement with the unions is expiring in August 2012 and we are in the process of negotiating a renewal of this agreement. While our relationships with the unions have been good, there can be no assurance that we will remain on good terms with the unions and we may be affected by strikes, lockouts or other significant work stoppages in the future, any of which could adversely affect our business, results of operations and financial condition. See "Business — Employees".

If we fail to establish or maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud.

In connection with the audit of our consolidated financial statements for the year ended December 31, 2010, we requested that KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) provide us with, as part of their audit, a management letter identifying, among other matters, aspects of our internal control relevant to financial reporting that require remediation or improvement, their implications to our consolidated financial statements, and recommendations for remediation or improvement. On May 30, 2011, KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) issued a management letter in relation to their audit of our consolidated financial statements as of and for the year ended December 31, 2010, which identified a substantial number of such observations, covering a broad range of issues relating to internal controls relevant to our financial reporting. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Internal Control Over Financial Reporting”.

Although this management letter did not constitute a comprehensive assessment of our internal controls, these observations imply that in certain respects, our internal controls and recordkeeping procedures may suffer from material weaknesses and significant deficiencies. In light of the number of these weaknesses and deficiencies that were identified as a result of audit procedures performed, it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent auditors performed an audit of the effectiveness of our internal control relevant to financial reporting, additional weaknesses and deficiencies may have been identified.

Among others, the management letter identified issues relating to:

- our classification, reconciliation and consolidation procedures;
- inaccuracies in the recording of various account balances, inventories, and valuations;
- inadequacies in our estimation and assessment methods;
- errors in the recording of sales and the recording and payment of taxes and other expenses;
- reconciliation of long outstanding balances in the clearing and management of certain payables and receivables;
- our need for additional system and human resources in certain spheres;
- inadequate written policies, procedures and formal documentation;
- filing and recordkeeping systems;
- data management and analysis; and
- control system and data security.

Following the identification of these issues, we have taken measures and plan to continue to take measures to remedy these deficiencies. For details of our proposed remedies, see “Management’s

Discussion and Analysis of Financial Condition and Results of Operations — Internal Control Over Financial Reporting." However, the implementation of these measures may not fully address these deficiencies in our internal controls, and we cannot conclude that they have been fully remedied. Our failure to correct these issues or our failure to discover and address any other such issues could result in material misstatements and other inaccuracies in our consolidated financial statements. Any material misstatements may require a restatement of our consolidated financial statements, thereby adversely affecting investors' perception of our financial reporting. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected. Moreover, ineffective internal controls over financial reporting could significantly hinder our ability to prevent fraud.

Risks Relating to Our Upstream Operations

Our crude oil, natural gas and geothermal reserve estimates are uncertain and may prove to be incorrect over time or may not accurately reflect actual reserve levels, or even if accurate, technical limitations may prevent us from retrieving these reserves.

Our crude oil, natural gas and geothermal reserves are estimated by us. There are numerous uncertainties inherent in estimating quantities of proved and probable reserves, including many factors beyond our control. Estimates of economically recoverable crude oil, natural gas and geothermal reserves are based upon a number of factors and assumptions, such as geological and engineering estimates and judgments (which have inherent uncertainties), the assumed effects of governmental regulation and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are therefore, to some degree, speculative and classifications of reserves are always subject to a degree of uncertainty. For these reasons, estimates of the economically recoverable crude oil, natural gas and geothermal reserves attributable to any particular group of properties and the classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially.

The reserves data in this Offering Memorandum represents estimates we have prepared based on our oil and gas and geothermal resource management system, which contains procedures for classifying and estimating reserves. Our oil and gas resource management system's procedures and reserves classifications are consistent with the SPE 2001 guidelines. Investors should note, however, that different reserves reporting systems employ different assumptions, and that our methodologies for classifying reserves and our reserves classifications vary in certain respects from the methodologies and classifications used by oil and gas companies subject to the reporting obligations of the SEC. Investors should also note that although the SPE 2001 guidelines have been replaced by Petroleum Resources Management System 2007, which is seen as the oil and gas industry standard for reserve reporting, we have continued to estimate our reserves using our oil and gas resource management system which is consistent with SPE 2001 guidelines. As a result, because of the impact of such assumptions or differences in the methodologies of resource management systems, identical raw data can produce varying estimates of reserves.

Estimates of reserves are largely dependent on the interpretation of data obtained from drilling, testing and production and may prove to be incorrect over time. In addition, estimates of proved and probable reserves that may be developed and produced in the future are frequently based upon volumetric calculations and by analogy to similar types of reservoirs, rather than upon actual production history. Subsequent evaluation of the same reservoirs based upon production history may result in revisions to the estimated proved and probable reserves. No assurance can be given that the reserve estimates presented in this Offering Memorandum will be recovered at the levels presented.

The quantities of crude oil, natural gas and geothermal energy that are ultimately recovered could be materially different from our reserve estimates, and downward revisions or reclassifications of our estimates could affect our results of operations and business plan. Published reserves estimates may also be subject to correction due to changes in published rules and guidance. We can give no assurance that the reserves estimates upon which we have made investment decisions accurately reflect actual reserve levels, or even if accurate, that technical limitations will not prevent us from retrieving these reserves.

For a discussion of how we estimate our reserves, including how we define "proved reserves" and "probable reserves" and some differences between our reporting system and the SEC regulations, see "Business — Pertamina Upstream Business — Reserves".

We are dependent on our ability to develop existing reserves, replace existing reserves and develop additional reserves.

We must continually find, acquire, explore for and develop new reserves to replace those produced and sold. Our future success is dependent upon our ability to develop our reserves and explore, develop and produce additional reserves from existing blocks, to explore and develop alternative sources of fuel such as shale gas and coal bed methane, and to enhance our oil reserves through oil recovery activities or new acquisitions in order to maintain or increase our current levels of production. See "Business — Pertamina Upstream Business — Exploration and Development" for further information on our exploration and development plans and oil recovery activities.

Drilling activities are subject to numerous risks, including the risk that no commercially viable oil or natural gas accumulations will be discovered. 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. The cost of drilling, well completion (which includes post-drilling activities such as installing production equipment) and operating wells is often uncertain. Drilling may be curtailed, delayed or cancelled 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 or limitations in the market for products. Wells may be shut in for, among other things, lack of a market or due to inadequacy or unavailability of pipeline or storage capacity. Geological uncertainties and unusual or unexpected formations and pressures may result in dry wells and 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.

We plan to increase our activity in exploring and developing our geothermal reserves. The development of such projects is also subject to various uncertainties, such as potential dry holes, flow-constrained wells, 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. 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 of the resource and operational factors relating to the extraction of geothermal fluids. Although we believe any geothermal resources will be fully renewable if managed appropriately, the geothermal resources that we intend to exploit may not be sufficient for sustained generation of the anticipated electrical power capacity over time.

In addition, we face substantial competition in the search for and acquisition of reserves and such searches and acquisitions require substantial investment. The possibility of finding or being able to acquire such additional reserves is uncertain. If we are unable to find or acquire and develop additional reserves, we will not be able to sustain our production and grow our business, which would have a material adverse effect on our financial condition and results of operation.

Our upstream operations and development plans may be adversely affected by competition.

As is the case with all international oil, gas and geothermal companies, we face intense competition in our business activities, both domestically and internationally. As a result of the Government's policy to increase competition in the Indonesian oil and gas sector and in connection with our plans to continue to expand internationally, we expect to come into increasing competition with much larger, well-established companies with substantially greater financial, human, technical and other resources. These competitors have strong market power through a combination of different factors, such as diversification and reduction of risk, financial strength, exploitation of benefits of integration and economic scale, strengthening of their positions in the global market and their relations with the governments of oil and gas producing countries. Many of these competitors have greater financial capacity to fund bids for or acquisitions of oil and gas properties and conduct oil and gas exploration, development and production than us, and may be able to identify, bid for and purchase a greater number of properties and prospects, including operatorships and licenses, than our financial or human resources permit. Accordingly, we expect competition in the oil and gas sector to increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects. See "Business — Competition".

Our exploration and production activities in foreign countries subject us to unforeseen risks.

To increase our oil and gas reserves and diversify our exploration and production operations, we have expanded our investment base to focus on oil and gas exploration and production activities in a number of foreign countries in Southeast Asia, Australia, the Middle East and North Africa. In addition, we expect to continue to expand our international operations in the future. These international operations are subject to special risks that can materially affect our results of operations. These risks include:

- unsettled political conditions, war, civil unrest, and hostilities in some gas or petroleum producing and consuming countries and regions where we operate or seek to operate, such as in the Middle East and North Africa;
- undeveloped or unexpected developments in legal and regulatory systems;
- exposure to economic instability in foreign markets;
- imposition or increase of withholding and other taxes on remittances by foreign subsidiaries;
- imposition or increase of investment and other restrictions by foreign governments;
- fluctuations and changes in currency exchange rates;
- governmental action such as expropriation of assets, general legislative and regulatory environment, and exchange controls; and
- changes in global trade policies such as trade restrictions and embargoes imposed by the United States and other countries.

Furthermore, investing in or transactions otherwise relating to certain countries (including Sudan and Iran) could also result in adverse consequences to us under existing or future trade or investment sanctions. The effect of any such sanctions would depend on their nature, but if sanctions were imposed on us, or one of our subsidiaries or associated companies, it could affect the market for the securities of that company or impair our ability to access the U.S. capital markets. See "— Risks Relating to Our Company — Our activities in or in connection with certain countries could lead to U.S. sanctions".

We cannot predict the effect that the current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on the economics of conducting exploration and production activities in these markets. Any of the foregoing factors may have a material adverse effect on our international operations and, therefore, could adversely affect our business, financial condition, results of operations or prospects.

Failure or delay by BPMIGAS, our counterparties or by us to comply with the terms of or renew our production sharing arrangements and cooperation contracts, and the failure to receive BPMIGAS and other government approvals on a timely basis, could adversely affect us.

Under the Oil and Gas Law of 2001, BPMIGAS regulates Indonesia's petroleum resources on behalf of the Government. BPMIGAS enters into production sharing arrangements and other forms of cooperation contracts with energy companies (including us and other domestic and foreign private companies) on behalf of the Government, 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. All our reserves in Indonesia are attributable to production sharing arrangements or cooperation contracts.

Our production sharing arrangements and cooperation contracts contain requirements regarding quality of service, capital expenditures, legal status of the contractors and assets, restrictions on the transfer and encumbrance of assets and other restrictions. Any failure to comply with the terms of these production sharing arrangements or cooperation contracts, by us or any private counterparty, could result, under certain circumstances, in the termination of the relevant production sharing arrangement or cooperation contract, which could adversely affect our business, financial condition, results of operations and prospects.

In addition, BPMIGAS approval is required for substantially all material activities undertaken under these agreements, including 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, could adversely affect us.

Production sharing arrangements and cooperation contracts are valid for a specified period and will need to be renewed following the expiry of such period. We negotiate with BPMIGAS to renew or extend such arrangements however, there can be no assurance that we will be able to negotiate new production sharing arrangements or cooperation contracts with BPMIGAS, or concession or other arrangements with other authorities, when our existing arrangements expire, or that any new arrangements will be on satisfactory terms.

Our business and results of operations are substantially dependent on our relationship with BPMIGAS and our counterparties, and any adverse change to these relationships could adversely affect our business, financial condition, results of operations or prospects.

We may be required to return certain of our geothermal working areas to the Government.

We have been allocated 15 working areas in Indonesia to explore and develop as geothermal areas. Ten of the geothermal projects in these working areas are operated by us while five of the geothermal projects are jointly operated through joint operating contracts ("KSOs"). Under Government Regulation No. 59 of 2007, as amended by Government Regulation No. 70 of 2010 on Geothermal Business Activity ("GR 59"), we may be required to return to the Government any geothermal working areas granted to us prior to the enactment of GR 59 that have not been developed as of December 31, 2014. Although we have commenced exploration of all of our 15 working areas and we intend to develop all of these working areas, there can be no assurance that we will be able to do so prior to December 31, 2014. If we are not able to do so, we may have to return the undeveloped geothermal working areas to the Government.

We rely on infrastructure and equipment provided by third parties.

As an oil, gas and geothermal exploration and production company, some of the infrastructure that we use to transport oil, gas and geothermal energy to our customers is not owned by us. Such infrastructure, which includes tankers, pipelines and storage tanks, is leased from third-party providers, and we have limited or no control over the quality and availability of this infrastructure. As part of our business, we also have to assume some of the risk of damage or loss of the construction services and equipment provided to us by third-party contractors (such as drilling rigs, seismic acquisition vessels, service boats, tankers and floating storage and offloading vessels). Our development projects have in the past also required us to commit to long-term leases and other financial arrangements.

In addition, we compete with other oil, gas and geothermal companies for equipment and other resources such as oil and gas drilling rigs, which are a limited resource given the competitive market in the Indonesian oil and gas sector. The increased demand for such equipment has resulted in increases in the prices that we have had to pay in order to secure access to such equipment and other resources. If we are unable to obtain the equipment that we need to carry out our development plans with respect to our production assets, we may have to delay or restructure our development plans, which may have an adverse effect on our ability to commercialize our oil, gas and geothermal reserves on a timely basis. Further, depending on the complexity of our development projects, the competitive dynamics of the market, movements in prices of raw materials such as steel, and the availability and prices of contractors and equipment, we may have to pay significantly more than we currently anticipate in order to implement our development plans for our blocks.

From time to time, our production and delivery infrastructure may be interrupted due to logistical complications outside our control, which would adversely affect our ability to sell our products until the problem is corrected or until alternative means can be found. For example, on August 7, 2009, a portion of the Tempino-Plaju pipeline caught fire, which cost us approximately Rp. 986 million in repairs. Such alternative means, if available, would likely result in increased costs, and could adversely affect our business, financial condition, results of operations or prospects.

Risks Relating to Our Downstream Operations

We compete with other oil and gas companies in connection with our downstream operations and for the PSO mandate.

The refining and marketing industry is highly competitive with respect to both feedstock supply and refined product markets. We do not produce all of our crude oil feedstocks and compete with many companies for available supplies of crude oil and other feedstocks. Competitors that have a higher percentage of feedstock from their own production, more complex refineries or more diverse operations may be better able than us to withstand volatile industry conditions, including shortages of crude oil or refined petroleum products, volatility in prices for crude oil or refined petroleum products or intense price competition at the wholesale level. As a result of the Government's policy to increase competition in the Indonesian oil and gas sector, we also expect to come into increasing competition with respect to the distribution of our refined products with much larger, well-established companies with substantially greater financial, human, technical and other resources. Competition could cause price reductions, reduce our margins or result in loss of market share for our products and services. This may adversely affect our results of operations. See "Business — Competition".

Prior to 2008, we were the sole distributor of subsidized fuel in Indonesia, under the PSO mandate. In 2008, the Government instituted a tender offer process, by which other petrochemical companies, including international oil and gas companies, can tender for a portion of the PSO mandate. Accordingly, we no longer have a monopoly in this business, and must submit competitive tenders to the Government on an annual basis in order to be allocated part of the PSO mandate. There can be no assurance that we will continue to maintain our grant of the PSO mandate at current levels or at all.

In 2011, PT AKR Corporindo Tbk ("AKR") and Petroliam Nasional Berhad ("Petronas") were also awarded the PSO mandate, although for relatively small amounts of subsidized fuel as compared to us. In 2012, AKR, Petronas and Surya Parna Niaga have been awarded the PSO mandate. As of December 31, 2011, we generated approximately 54.4% of our revenue from the distribution of subsidized fuel and LPG. If the Government reduces our quota of subsidized fuel under the PSO mandate or withdraws the PSO mandate entirely, we may lose our leading market position in the downstream sector and the revenue which we generate from the distribution of subsidized fuel and LPG, which may materially and adversely affect our business, financial condition, results of operations and prospects. See "Business — Pertamina Downstream Business — PSO" for more information on our PSO mandate.

We may not be able to pass on increases in costs of our raw materials.

We consume large amounts of crude oil and other raw materials to manufacture our refined products and petrochemical products.

We are currently mandated by the Government under the PSO mandate to distribute subsidized fuel domestically and receive compensation from the Government on the basis of a compensation formula with a fixed margin. Under this compensation formula, the margin has been fixed on the assumption that the cost of crude oil will not be greater than US$90 per barrel. Although the cost of crude oil has substantially exceeded US$90 per barrel, the compensation formula and the margin have not yet been revised and as the regulated retail price of subsidized fuel is fixed by the Government, we are not able to increase the sale price of the subsidized fuel which we distribute. In addition, in determining the compensation payable to us in any given month for the distribution of subsidized fuel, the Government's policy is to use Mean of Platts Singapore ("MOPS") from the month immediately prior to the month which the compensation claim relates to. This lag in the value of MOPS used in the compensation formula may result in the compensation we receive under our PSO mandate being insufficient to cover our costs of distribution, including our costs of our raw materials, in months where there is a significant increase in crude oil prices from the previous month. As a result, we may not recover the increased costs of distributing subsidized fuel under our PSO mandate. In both 2009 and 2010, we incurred a loss in connection with our distribution of subsidized fuel. Because the compensation formulas that affect our results of operations in respect of the PSO mandate is fixed by the Government and beyond our control, we cannot assure you that such losses will not continue in 2012 or for any other future period. This may have a material adverse effect on our financial condition, results of operations or cash flows. See "Management's Discussion and Analysis of Financial

Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — PSO Mandate" and "Indonesian Regulatory Framework".

While we try to match the sales prices of our non-subsidized fuel and petrochemical products with corresponding raw material price increases, our ability to pass on cost increases to our customers is dependent on market conditions, commercial considerations and Government regulations. Such commercial considerations include requests from certain of our customers to contract for the sale and purchase of our refined products on a fixed price basis which deprives us of the ability to pass on cost increases which spot prices offer. For example, we market and distribute LPG in 12kg cylinders in Indonesia. Although LPG in 12kg cylinders is not a subsidized fuel, we consult with the Government on increases in the price of this product and in the past three years have decided not to increase the price of this product. We currently incur negative margins on the distribution of this product. There may be periods during which increases in costs of raw materials, and hence our costs of distribution, are not fully recovered by us due to an inability to increase the sale prices of our products which may have a material adverse effect on our financial condition, results of operations or cash flows.

If the growth in our production of crude oil lags behind the growth in demand for our refined products and we will be required to source an increasing amount of crude oil and refined products from outside providers.

Our refineries consume very large amounts of crude oil. In 2011, 32.4% of the crude oil required for our refinery business was sourced from outside suppliers, while the balance was provided from our own production of crude oil and the Government's share of crude oil produced. We expect to import a higher percentage of crude oil in 2012 as our allocation of crude oil from the Government has decreased. We also import refined products to supplement the refined products which we produce and to meet domestic demand for such products. To the extent that the growth in our production of crude oil lags behind the growth in demand for our refined products, we will be increasingly dependent on third parties for continued access to crude oil and refined products at appropriate prices. If we are unable to obtain adequate crude oil or refined product volumes or are only able to obtain such volumes at unfavorable prices, our margins and other results of operations could be materially adversely affected.

A substantial part of our revenues is derived from the provision of subsidized fuel products.

We are engaged in the provision of fuel products to the public in Indonesia under our PSO mandate, including certain grades of motor gasoline, automotive diesel fuel, kerosene and LPG in 3kg cylinders. The Government has historically subsidized the cost of these products and as of December 31, 2011, approximately 54.4% of our revenues related to such subsidy payments.

The subsidy payment which we receive under our PSO mandate is fixed by the Government and is based on MOPS plus a fixed margin after deducting the regulated retail price for the subsidized fuel. As the regulated retail price for subsidized fuel has historically been lower than our costs to distribute such fuel, we have relied on Government subsidies to partially cover the gap between our costs and revenues. In the past, the manner of calculating and disbursing the PSO subsidy has been amended from time to time. The subsidy payment may be further amended in a manner that is not favorable to us, in addition, future subsidy payments may not be disbursed in a timely manner or at all. Each of these outcomes could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Efforts by the Government to reduce such subsidies, and the related expenditures has historically been a politically sensitive issue. See "— Risks Relating to Indonesia — Political and social instability in Indonesia may materially and adversely affect us" for a description of instances of public unrest arising from increases in fuel prices and reductions in fuel subsidies. There can be no assurance that Government's current policies relating to fuel subsidies will not be subject to significant changes or influence from public opposition to decreased subsidies or relaxed price controls. Any change in the Government's economic and development policies in these or other respects could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Repairs, maintenance and turnarounds at our refineries could affect our results of operations. In addition, due to volatility in the cost of raw materials and finished products in our refining businesses, our regular repair and maintenance operations could occur at an inopportune time when we will be unable to capitalize on high refining margins.

We need to carry out regular maintenance at our refineries. Our refineries are typically shut down every four years to make necessary repairs, perform preventative maintenance and implement capital improvements. Such events where entire process units are taken offstream for revamp or renewal ("turnarounds") vary in duration depending on the complexity of the refinery and the work to be performed, but typically last between approximately three and eight weeks. In addition, portions of our refineries may be shut down for shorter periods to perform more limited maintenance and capital improvements. Although we attempt to schedule turnarounds during periods in which our refining margins are low, it is possible that our refineries may be shut down during periods of high margins as a result of, for example, the volatility and unpredictability of refining margins, unscheduled breakdowns, or scheduled turnarounds taking longer to complete than expected.

We are dependent on certain key customers which are Government-owned entities and the loss of, or a significant reduction in, purchases by such customers could adversely affect our business. While we aim to diversify our sales to such customers beyond oil products and to increase our sales to non-Government-owned customers, there can be no assurance that we will be successful.

We are dependent on certain key Government-owned customers, including PLN, for a significant portion of our revenues and profits. In 2011, 2010 and 2009, sales to PLN accounted for 13.5%, 11.5% and 12.3%, respectively, of our total revenue for the year. The loss of, or the reduction, delay or cancellation of supply contracts from these customers as a result of their commercial or management decisions or disputes between us and such customers could have a material adverse effect on our business. PLN is expected to reduce its purchases of fuel from us over the next few years in favor of coal and gas as sources of energy. If any of our Government-owned customers becomes bankrupt or insolvent, we may also lose some or all of our business from that entity and some of our receivables may have to be written off, adversely impacting our income and financial condition. Our business is also dependent on the decisions and actions of the Government acting as a shareholder of a Government-owned entity. The occurrence of any of these events or factors might result in the delay or termination of a project or the loss of a key customer. We may have difficulty securing comparable levels of business from non-Government-owned customers to offset any loss of revenue and profits.

We aim to diversify our sales to our key Government-owned customers beyond oil products to include natural gas and geothermal energy as well and also to increase our sales to non-Government-owned customers to diversify our key customer base, however, there can be no assurance that we will be successful in doing so.

We depend on chartered vessels to distribute our cargo.

We rely on large tankers and small craft for island-to-island delivery of crude oil and refined products within Indonesia. For a description of our shipping operations, see "Business — Shipping". In 2011, approximately 81% of deliveries were made by chartered vessels while approximately 19% of deliveries were made by our own vessels. Although we intend to increase the fleet of vessels that we own by 43 vessels by the end of 2016, there can be no assurance that such plans or purchases will not be subject to delays. As a result, our costs of distribution depend on the market price for chartering vessels. We generally enter into long-term charter arrangements for vessels. However, we may also have to rely on the spot charter market, in certain circumstances, to charter vessels to carry specified cargos for single trips. Volatility and any significant increases in charter rates may have a material adverse effect on our distribution costs and results of operations.

Risks Relating to the Oil, Gas and Geothermal Industry

We are subject to similar industry risks as other oil, gas and geothermal companies operating in Indonesia. Our ability to maintain and develop our business and revenues will be affected by, among other things, the prevailing world prices for oil and Indonesian domestic energy prices for gas as well as other factors, including those discussed below.

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

Indonesia's Oil and Gas Law of 2001 went into effect on November 23, 2001. See "Indonesian Regulatory Framework". This law sets forth general principles to be further implemented through a series of Government regulations, presidential decrees and ministerial decrees, some of which have not yet been promulgated. In general, the provisions of the law are broad, and few sources of interpretive guidance are available. A number of implementing regulations to the Oil and Gas Law of 2001 have been enacted, among others, relating to the formation of BPMIGAS (the upstream executive body) and BPH MIGAS (the downstream regulatory body), our conversion into a limited liability state-owned company, and the upstream and downstream industries (including matters with respect to business licensing). BPMIGAS and BPH MIGAS have enacted some regulations that specifically regulate business activities in these sectors. Implementing regulations have also been issued in respect of, among others, domestic market obligations, field development and reserve production, guidance, procedures, contract terms, designation and tender of working areas, contract amendment and renewal, contractual structures for selling the Government's share of oil and gas and relinquishment of working areas. These regulations are new and subject to interpretation by the regulatory authorities. Pending clear instances of the application of such regulations, it is uncertain how such regulations will affect us.

The uncertainty surrounding the Oil and Gas Law of 2001 has increased the risks, and may result in further increases of the costs, of conducting oil and gas business in Indonesia. For example, the Government enacted Government Regulation No. 55 of 2009 as the second amendment to Government Regulation No. 35 of 2004 on Upstream Oil and Gas Business Activities and Regulation of the Minister of Energy and Mineral Resources No. 2 of 2008, which requires contractors to fulfill domestic gas and oil demand by delivering 25% of their share of oil and gas production to the local market, which is known as the domestic market obligations ("DMO"). A gas field discovery must be notified to the Ministry of Energy and Mineral Resources. If the discovery will be produced commercially, the Ministry of Energy and Mineral Resources will allow domestic gas consumers to deliver their gas demands to them in writing within one year from the date the gas field is discovered. Within three months of the expiry of the one year period, the Ministry of Energy and Mineral Resources will notify the contractor of the domestic gas demand condition. If domestic gas demand exists, the contractor shall commence negotiations with the domestic consumer. The contractor may only sell its gas to the international market if there is no domestic gas demand or the contractor fails to reach an agreement with domestic consumer. Prior to selling its gas to international market, the contractor must obtain an export approval from the Minister of Trade, which is based on a recommendation from the Directorate General of Oil and Gas of the Ministry of Energy and Mineral Resources ("DGOG").

Under the Oil and Gas Law of 2001, new cooperation contracts are subject to a broader Government approval process. Negotiation of cooperation contract terms with potential contractors is handled primarily by BPMIGAS. The relevant work area is awarded by either competitive tender or direct award, and the Indonesian Parliament must be notified of the production sharing arrangements entered into under such cooperation contract. The Government may implement policies regarding oil and gas exploration and production that differ from previous policies.

Not all of the implementing regulations to the Oil and Gas Law of 2001 have been issued and some have only been recently enacted. Accordingly, the full impact of the Oil and Gas Law of 2001 and the related implementing regulations on our financial and operational status cannot be determined at this time. To the extent such regulations or their implementation or interpretation by Indonesian regulatory authorities, courts or BPMIGAS and BPH MIGAS are adverse to us, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our compliance with or breach of environmental regulations in Indonesia and in the countries in which we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various environmental laws and regulations concerning land use, air emissions, water discharge, waste materials and abandonment of our wells and other operating structures in connection with the design and operation of our upstream and downstream oil, gas and geothermal facilities in Indonesia and other countries in which we operate, transact business or have interests. Numerous government agencies and departments issue environmental rules and regulations, which are often difficult and costly to comply with and which carry substantial penalties for non-compliance.

We cannot assure you that we will not be in breach of any applicable environmental laws and regulations, be subject to stricter enforcement or interpretation of existing environmental laws and regulations, or that such laws and regulations will not become more stringent in the future. It is possible that any breach or such stricter enforcement may give rise to liabilities which we may have to incur potentially significant costs to remedy arising from the discharge of oil, natural gas or other pollutants into the air, soil or water. For example, in 2010, we paid compensation fees of approximately Rp. 550.0 million and incurred approximately Rp. 1.3 billion in remediation costs in connection with pollution at RU IV Cilacap caused by an oil spill. Such liabilities may have an adverse affect on our business, financial condition, results of operations and prospects.

On October 3, 2009, Law No. 32 of 2009 on Protection and Management of Environment (the "New Environmental Law") was enacted which required that all current environmental management licenses be integrated into the environmental permit issued pursuant to the New Environmental Law and introduced more stringent penalties for breaches of environmental laws and regulations. On February 23, 2012, the Government enacted Regulation No. 27 of 2012 on Environmental Permit ("Regulation No. 27") 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 there respective areas would need to be obtained. Although all AMDAL, UKL and UPL existing before the implementation of Regulation No. 27 would be accepted as valid environmental permits, we are currently taking steps to improve our management of sludge and produced water in order to comply with the standards set by the New Environmental Law. However, there can be no assurance that we will be able to do so. Under the New Environmental Law, if obligations in the AMDAL approval or UKL or UPL are not met, one of the sanctions that could be imposed is the revocation of our environmental permit. Revocation of an environmental permit may lead to nullification of our business license which may require us to cease certain operations and have a material adverse effect on our business, financial condition, results of operations and prospects. See “Business — Environmental Matters”. The enactment of further implementing regulations relating to the New 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.

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. We cannot predict what additional environmental legislation or regulations will be enacted in the future or the potential effects on our business, financial condition, results of operations and prospects.

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 interest, 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, cancellation or non-renewal of contract rights.

Within Indonesia, where our operations are primarily located, the evolving roles of BPMIGAS, BPH MIGAS and the Ministry of Energy and Mineral Resources, coupled with political changes in Indonesia, have allowed other Government agencies such as the Minister of Trade, the Ministry of Forestry and State Ministry for Environmental Affairs 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 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. We buy, sell and trade oil and gas products in certain regulated commodity markets. Failure to respond to changes in trading regulations could result in regulatory action and damage to our reputation.

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.

Risks Relating to Indonesia

We are incorporated in Indonesia and a substantial portion of our assets and operations are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies that the Government may, or may not, take or adopt could materially and adversely affect our business, financial condition, results of operations and prospects and our ability to make payments under the Notes.

Depreciation in the value of the Rupiah may materially and adversely affect our financial condition and results of operations.

One of the most important immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp. 17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. See "Exchange Rates and Exchange Controls" for further information on changes in the value of the Rupiah as measured against the U.S. dollar in recent periods.

The Rupiah has generally been freely convertible and transferable. However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There can be no assurance that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. A large portion of our revenues are denominated in Rupiah while a large portion of our expenses are in U.S. dollars. Any adverse changes in the value of the Rupiah against the other currencies, including the U.S. dollar, could have a material adverse effect on our financial condition, results of operations or cash flows.

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

The economic crisis that affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real GDP, high interest rates, social unrest and extraordinary political developments. The economic crisis resulted in the failure of many Indonesian companies to repay their debts when due. These conditions had a material adverse effect on Indonesian businesses, including our business and financial conditions. Indonesia entered a recessionary phase with relatively low levels of growth between 1999 and 2002. The rate of growth has generally increased in recent years, from 6.0% in 2010 to 6.5% in 2011.

More recently, the global financial crisis, which was triggered in part by the subprime mortgage crisis in the United States, caused failures of large US financial institutions and rapidly evolved into a global credit crisis. Consequently, unemployment in developed markets around the world increased and some major companies experienced significantly diminished results and, in some cases, bankruptcy or a significant threat of bankruptcy. These extremely negative economic developments have adversely affected both developed economies and developing markets, including Indonesia and other Association of Southeast Asian Nations ("ASEAN") countries.

Indonesia and other ASEAN countries have been negatively affected, along with developing market countries globally, by the unprecedented financial and economic conditions in developed markets. Although the Government has taken a number of responses to these unprecedented conditions with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy.

In addition, the Government continues to have a large 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 economic difficulties faced by Indonesia during the Asian economic crisis that began in 1997 resulted in, among other things, volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. There can be no assurance that the recent improvement in economic conditions will continue or the previous adverse economic condition in Indonesia and the rest of the Asia-Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy.

The current global economic situation could deteriorate or have an impact on Indonesia and our business. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and on our ability to make payments under the Notes.

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

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. In 1999, Indonesia successfully conducted its first free elections for parliament and president. In 2004, Indonesians directly elected the President, Vice-President and representatives in the Indonesian Parliament for the first time. At the lower governmental level, Indonesians have started directly electing their respective heads of local governments. In 2009, another set of elections were held in Indonesia to elect the President, Vice-President and representatives in the Indonesian Parliament. Increased political activity can be expected in Indonesia as a result of these democratic developments in its political system. Although the 2004 and 2009 elections were conducted peacefully, future political campaigns and elections may bring a degree of political and social uncertainty to Indonesia. As a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest. Such instances of unrest have highlighted the unpredictable nature of Indonesia's changing political landscape. Indonesia also has many political parties, without any one party winning a clear majority to date. These events have resulted in political instability, as well as general social and civil unrest on certain occasions in recent years.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati and current President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anticorruption measures, decentralization and provincial autonomy, actions of former Government officials and their family members, the U.S. led military campaigns in Afghanistan and Iraq and potential increases in electricity tariffs. Although these demonstrations were generally peaceful, some have turned violent. In June 2001, demonstrations and strikes affected at least 19 cities after the Government mandated a 30% increase in fuel prices. Similar demonstrations occurred in January 2003, when the Government again tried to increase fuel prices, as well as electricity rates and telephone charges. In both instances, the Government was forced to drop or substantially reduce the proposed increases. In March 2005, the Government implemented an approximately 29% increase in fuel prices. In October 2005, the Government terminated fuel subsidies on premium and regular gasoline and decreased fuel subsidies on diesel, which resulted in increases in fuel prices of approximately 87.5%, 104.8% and 185.7% for premium gasoline, regular gasoline, and diesel fuel, respectively. In response, several non-violent mass protests were organized in opposition to the increases in domestic fuel prices, and political tensions have resulted from the Government's decision. Although these demonstrations were generally peaceful, some have turned violent. There can be no assurance that this situation will not lead to further political and social instability.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been clashes between supporters of those separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents, in Maluku, clashes between religious groups have resulted in casualties and displaced persons and in the province of Kalimantan, clashes between ethnic groups have produced fatalities and refugees in past years. In recent years, the Government has made progress in negotiations with these troubled regions, though with limited success. However, in the province of Aceh, Government reached an agreement with the Aceh separatists was reached in 2005 and peaceful local elections were held with some former separatists as candidates.

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

It may not be possible for investors to effect service of process or to enforce certain judgments on the Issuer or its management.

The Issuer is a state-owned company established with limited liability in Indonesia. All of the commissioners, directors and executive officers, as applicable, of the Issuer reside outside the United States. Substantially all of the assets of the Issuer and these other persons are located outside the United States. As a result, it may be difficult for investors to effect service of process upon the Issuer or such persons within the United States or other jurisdictions, or to enforce against the Issuer or such persons in such jurisdiction, judgments obtained in courts of that jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state thereof.

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

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

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

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on pre-independence Dutch law in effect prior to Indonesia' independence in 1945 and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case. As a result, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources. See for example, World Bank, Raising Investment in Indonesia: A Second Generation of Reforms (2005); U.S. Department of State, Indonesia: Country Reports on Human Rights Practices (2009); and Transparency International, International Corruption Perceptions Index (2009).

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

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

The Indonesian archipelago is one of the most seismically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. On December 26, 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand, India and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. Aftershock earthquakes subsequent to the December 2004 tsunami have also claimed casualties; on Nias Island as well as nearby Simeuleu and the Banyak islands, an aftershock measuring 8.7 on the Richter Scale left more than 140,000 people homeless and killed approximately 650 people on March 28, 2005. On May 27, 2006, an earthquake with a magnitude of 6.3 on the Richter Scale struck approximately 40 kilometers south of the Central Javanese city of Yogyakarta. More than 5,700 people were killed and more than two million people were displaced in the May 2006 earthquake, and there have been several other recent major earthquakes in Indonesia, including in Sumatra, Java, Sulawesi, Manokwari and Padang.

In addition to these geological events, heavy rains in December 2006 resulted in floods that killed more than 100 people and displaced over 400,000 people on the northwestern Sumatra island. More flooding in January and February 2007 around Jakarta killed at least 30 people and displaced at least 340,000 people from their homes. In July 2007, at least seven people were killed and at least 16,000 people were forced to flee their homes because of floods and landslides caused by torrential rains on the island of Sulawesi. More recently, in January 2009, torrential rain caused a colonial-era dam to burst outside Jakarta, flooding homes in a densely populated neighborhood.

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

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

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

The terrorist attacks on the United States on September 11, 2001, together with the military response by the United States and its allies in Afghanistan and continuing military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. The recent terrorist attacks in Southeast Asia have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the United States and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Indonesian economy.

In Indonesia during the past several years, there have been various bombing incidents directed toward the Government, foreign governments, and public and commercial buildings frequented by foreigners, including international hotels and the Jakarta Stock Exchange Building. On October 12, 2002, over 200 people were killed in a bombing at a tourist area in Bali. On August 5, 2003, a bomb exploded at the JW Marriott Hotel in Jakarta, killing at least 13 people and injuring 149 others. On September 9, 2004, a car bomb exploded at the Australian Embassy in Jakarta, killing more than six people. On May 28, 2005, bomb blasts in Central Sulawesi killed at least 21 people and injured at least 60 people. On October 1, 2005, bomb blasts in Bali killed at least 23 people and injured at least 101 others. Most recently, on July 17, 2009, bomb blasts at the JW Marriott Hotel and Ritz-Carlton Hotel in Jakarta killed a total of nine people and wounded 53 people. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization.

There can be no assurance that further terrorist acts will not occur in the future. Following the military involvement of the United States and its allies in Iraq, a number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia, targeting foreign, particularly U.S., interests. Such terrorist acts could destabilize Indonesia and increase internal divisions within the Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Any of the events described above, including damage to our assets, could cause interruption to parts of our business and materially and adversely affect our financial condition, results of operations and prospects, and our ability to make payments under the Notes.

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

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

Labor activism and unrest may materially and adversely affect us.

In March 2003, the Government enacted Law No. 13/2003 and has further issued implementing regulations allowing employees to form unions and preventing interference from employers. The liberalization of regulations permitting the formation of labor unions combined with weak economic conditions has resulted, and will likely continue to result in, labor unrest and activism in Indonesia.

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

Indonesian accounting standards differ from those in the United States.

We prepare our consolidated financial statements in accordance with IFAS, which differs from U.S. GAAP. As a result, our consolidated financial statements and reported earnings could be significantly different from those that would be reported under U.S. GAAP. This Offering Memorandum does not contain a reconciliation of our consolidated financial statements to U.S. GAAP, and there can be no assurance that such reconciliation would not reveal material differences. See "Summary of Certain Differences Between Indonesian Financial Accounting Standards and U.S. GAAP" for a summary of certain differences that may be applicable.

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

In 1997, certain internationally recognized statistical rating organizations, including Moody's, Standard & Poor's and Fitch, downgraded Indonesia's sovereign rating, the credit ratings of various credit instruments of the Government and the credit ratings of a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated (i) "Baa3 (stable)" by Moody's, (ii) "BB+ (positive)" by Standard & Poor's and (iii) "BBB- (positive)" by Fitch.

These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

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

Risks Relating to the Notes

The Notes will be unsecured obligations, will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries.

The claims of all existing and future third-party creditors of the Issuer's subsidiaries as to the cash flows and assets of such companies will have priority over the claims of the shareholders of such subsidiaries, including the Issuer, and the creditors of such shareholders (such as holders of the Notes). As of December 31, 2011, we had total consolidated debt of Rp. 61,695.2 billion (US$6,803.6 million) of which Rp. 1,367.7 billion (US$150.8 million) was third-party debt of our subsidiaries. The indenture constituting the 2022 Notes (the "2022 Notes Indenture") and the indenture constituting the 2042 Notes (the "2042 Notes Indenture", together with the 2022 Notes Indenture, the "Indentures") do not contain any restrictions on the ability of the Issuer or its respective subsidiaries to incur additional indebtedness.

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

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

The change of control provision contained in the Indentures may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Issuer that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or a downgrade of the ratings of the Notes in accordance with the terms of the Indentures, even if they do, may not constitute a "Change of Control Triggering Event" as defined in the Indentures. Except as described under "Description of the 2022 Notes — Repurchase of Notes Upon a Change of Control" and "Description of the 2042 Notes — Repurchase of Notes Upon a Change of Control," the Indentures do not contain provisions that require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

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

The Notes do not contain restrictive financial or operating covenants.

The Indentures governing the Notes will contain various covenants intended to benefit the interests of the holders of the Notes that limit our ability to, among other things, incur liens under certain circumstances, consolidate or merge with or into, or sell substantially all of our assets to, another person. These covenants are subject to a number of important exceptions and qualifications. For more details, see "Description of the 2022 Notes" and "Description of the 2042 Notes".

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

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. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell their Notes or the prices at which holders of the Notes would be able to sell their Notes. The Notes could trade at prices that may be lower than their initial offering price depending on many factors, including prevailing interest rates, our financial condition and operating results and the market for similar securities. The Issuer and the Joint Bookrunners and Joint Lead Managers have no obligation to make a market in the Notes. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the markets for the Notes, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material adverse effect on the holders of the Notes.

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

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

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 "Baa3" by Moody's, "BB+" by S&P's and "BBB-" by Fitch.

The ratings address the ability to perform obligations under the terms 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.

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

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

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

The Notes have not been registered under, and the Issuer is not obligated to register the Notes 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”. We have not agreed to, or otherwise undertaken, to register the Notes (including by way of an exchange offer), and we have no intention to do so.

The Indentures and certain other documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia as required under Indonesian law. However, there can be no assurance that, in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court would hold that the English language versions of such documents would prevail.

Pursuant to Law No. 24, agreements between Indonesian entities and other parties must be set out in Bahasa Indonesia, which is the national language of Indonesia, save that where such party is a foreign entity or individual, the agreement may also be prepared in the language of such foreign party or in the English language. Law No. 24 does not specify any consequences in the event that applicable agreements are not prepared in the Bahasa Indonesia language, and to date, no implementing regulations have been issued. The Indentures and certain other documents entered into in connection with the issuance of the Notes will be prepared in dual English and Bahasa Indonesia forms as permitted under Law No. 24 and, pursuant to Law No. 24, each version will be considered equally original. While these documents will expressly state that the English versions will prevail, there can be no assurance that, in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court will hold that the English language versions of such documents would prevail. Some concepts in the English language may not have a corresponding term in Bahasa Indonesia, or may not be fully captured by the Bahasa Indonesia version. If this occurs, there can be no assurance that the Notes will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

USE OF PROCEEDS

The net proceeds of the offering of the 2022 Notes, after deduction of fees and commissions and estimated expenses in connection with the offering of the 2022 Notes, are expected to be approximately US$1,240.1 million. The net proceeds of the offering of the 2042 Notes, after deduction of fees and commissions and estimated expenses in connection with the offering of the 2042 Notes, are expected to be approximately US$1,230.3 million. The total net proceeds from the offerings of the Notes are expected to be approximately US$2,470.4 million. We intend to use the net proceeds we receive to finance capital expenditures and for general corporate purposes.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

Bank Indonesia is the sole issuer of the Rupiah and is responsible for maintaining the stability of the Rupiah. Since 1970, Indonesia has implemented three exchange rate systems: (i) a fixed rate between 1970 and 1978, (ii) a managed floating exchange rate system between 1978 and 1997 and (iii) a free-floating exchange rate system since August 14, 1997. Under the second system, Bank Indonesia maintained the stability of the Rupiah through a trading band policy, pursuant to which Bank Indonesia would enter the foreign currency market and buy or sell Rupiah, as required, when trading in the Rupiah exceeded bid and offer prices announced by Bank Indonesia on a daily basis. On August 14, 1997, Bank Indonesia terminated the trading band policy and permitted the exchange rate for the Rupiah to float without an announced level at which it would intervene, which resulted in a substantial decrease in the value of the Rupiah relative to the U.S. dollar. Under the current system, the exchange rate of the Rupiah is determined solely by the market, reflecting the interaction of supply and demand in the market. Bank Indonesia may take measures, however, to maintain a stable exchange rate.

The following table shows the exchange rate of Rupiah to U.S. dollars based on the middle exchange rates at the end of each month or day, as the case may be, during the periods indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates. We make no representation that the U.S. dollar amounts referred to in this Offering Memorandum could have been or could be converted into Rupiah at the rate indicated or any other rate, or at all.

	Exchange Rates			
	Low(1)	**High(1)**	**Average(1)**	**Period End**
	(Rp. per US$)			
2007	8,828	9,419	9,164	9,419
2008	9,051	12,151	9,757	10,950
2009	9,400	11,980	10,356	9,400
2010	8,924	9,365	9,078	8,991
2011				
October 2011	8,828	8,968	8,895	8,835
November 2011	8,893	9,185	9,015	9,170
December 2011	9,015	9,165	9,088	9,068
January 2012	8,955	9,210	9,109	9,000
February 2012	8,892	9,158	9,026	9,085
March 2012	9,098	9,193	9,165	9,180
April 2012 (through April 13, 2012)	9,145	9,174	9,164	9,163

Source: Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics) published monthly by Bank Indonesia, Internet website of Bank Indonesia, available at: http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/

Note:

(1) For full years, the high and low amounts are determined, and the average shown is calculated, based upon the middle exchange rate announced by Bank Indonesia on the last day of each month during the year indicated. For each month, the high and low amounts are determined, and the average shown is calculated, based on the daily middle exchange rate announced by Bank Indonesia during the month indicated.

The middle exchange rate on December 30, 2011 was Rp. 9,068 = US$1.00.

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

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 with 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 persons and legal entities that are domiciled, or who plan to be domiciled in Indonesia for at least one year. Bank Indonesia regulations also require companies that have total assets or total annual gross revenues of at least Rp. 100 billion, to report to Bank Indonesia all data concerning their foreign currency activities, if the relevant transaction is not conducted via a domestic bank or domestic non-bank financial institution (for example, insurance companies, securities companies, finance companies, or venture capital companies). However, if the transaction is conducted via a domestic bank and/or domestic non-bank financial institution, the requirement to report to Bank Indonesia is imposed instead on the relevant domestic banks or non-bank financial institutions that carried out the transaction. The transactions that must be reported include receipt and payment through bank accounts outside of Indonesia.

Purchasing of Foreign Currencies against Rupiah through Banks

Bank Indonesia also introduced PBI No. 10/2008, which limits the conversion of the Rupiah into foreign currency to a maximum of US$100,000, or its equivalent value, per month. Foreign exchange conversions that are equal to or less than US$100,000 per month need to be supported by a written declaration by Indonesian companies purchasing foreign currency. Any foreign exchange conversion that exceeds such maximum limit must be based on an underlying transaction and supported by underlying transaction documents. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction. Under PBI No. 10/2008, the conversion of the Rupiah into foreign currency or the purchase of foreign currency can only be made for the same foreign currency as stated in the underlying transaction documents, except for foreign currencies for which liquidity is not available in the domestic financial market.

Indonesian companies purchasing foreign currencies in excess of US$100,000 will be required to submit certain supporting documents to the selling bank, including among others, a copy of the underlying agreement and a duly stamped statement confirming that the underlying agreement is valid and that the foreign currency purchased will only be used for settlement of the payment obligations under the underlying agreement. For purchases of foreign currency not exceeding US$100,000, such company must declare in a duly stamped letter that its aggregate foreign currency purchases does not exceed US$100,000 per month in the Indonesian banking system.

As a state-owned company, we are also subject to Bank Indonesia requirements which restrict our ability to source U.S. dollars to three Indonesian banks — PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalization and indebtedness as of December 31, 2011, and as adjusted to give effect to the issue of the Notes.

This table should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. Other than as indicated herein, there have been no material changes to our capitalization or indebtedness since December 31, 2011.

	As of December 31, 2011			
	Actual		Adjusted	
	Rp.	US$	Rp.	US$
	(Rp. in billions and US$ in millions)			
Indebtedness				
Short-term loans	26,506.6	2,923.1	26,506.6	2,923.1
Long-term loans — current portion[1]	5,298.0	584.3	5,298.0	584.3
Long-term loans — net of current portion[1]	12,301.3	1,356.6	12,301.3	1,356.6
Two-step loan[2]	125.9	13.9	125.9	13.9
Bonds[3]	13,291.1	1,465.7	13,291.1	1,465.7
Notes offered hereby[4]	—	—	22,670.0	2,500.0
Total debt	57,522.9	6,343.5	80,192.9	8,843.6
Equity				
Share capital (par value Rp. 1.0 million per share):				
Authorized capital 200,000,000 shares				
Issued and fully paid capital — 82,569,779 shares	82,569.8	9,105.6	82,569.8	9,105.6
Equity adjustments	(22,343.9)	(2,464.0)	(22,343.9)	(2,464.0)
Government contributed assets pending final clarification of status	520.9	57.4	520.9	57.4
Other equity components	628.6	69.3	628.6	69.3
Retained earnings:				
Appropriated	34,314.4	3,784.1	34,314.4	3,784.1
Unappropriated	21,992.7	2,425.3	21,992.7	2,425.3
Non-controlling interest	657.1	72.5	657.1	72.5
Total equity	118,339.6	13,050.2	118,339.6	13,050.2
Total capitalization[5]	175,862.5	19,393.7	198,532.5	21,893.8

Notes:

(1) Long-term loans include all project financing loans and bank loans for capital expenditures and general corporate purposes on a consolidated basis.

(2) For details of the two-step loan, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness". Translated at the exchange rate of ¥1 = Rp. 117 in our audited consolidated financial statements for the year ended December 31, 2011.

(3) Includes US$1 billion 5.25% senior notes due 2021 and US$500 million 6.5% senior notes due 2041, both of which were issued in May 2011.

(4) Before deducting the issuance discount, the underwriting discount, bank fees and other estimated expenses payable in connection with this offering.

(5) Represents total debt plus total equity.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

You should read the following selected consolidated financial information in conjunction with our consolidated financial statements and related notes, "Presentation of Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Memorandum. Our consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from U.S. GAAP. See "Summary of Certain Differences between Indonesian Financial Accounting Standards and U.S. GAAP."

In 2010, we changed our independent public accountants from Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), effective November 29, 2010. See "Independent Public Accountants — Change in Independent Public Accountants".

From January 1, 2011, we revised the accounting method which we used to recognize our participating interests in jointly controlled entities following a change in the applicable accounting treatment of such entities and accordingly, we reassessed our participating interests in the relevant entities and restated the consolidated financial statements as of and for the year ended December 31, 2010. We also reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for (i) the Government's share of gas sales because we are acting as an agent in those agreements on behalf of the Government and (ii) certain expenses related to transportation to deliver LPG to its point of sales. Consequently, we restated our consolidated financial statements as of and for the year ended December 31, 2010. Additionally, certain reclassifications were made to the consolidated financial statements as of and for the year ended December 31, 2010 in order to conform to the same basis on which the consolidated financial statements as of and for the year ended December 31, 2011 were presented. These reclassifications primarily reflect certain changes in accounting standards effective from January 1, 2011. These restatement and reclassification adjustments are described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

In order to present, for our most recent three years, financial information which have been prepared in accordance with the same accounting policies as those used to prepare our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, the restatement and reclassification adjustments described above have been reflected in our consolidated financial statements as of and for the year ended December 31, 2009 as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum. Additionally, as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, our previously reported consolidated financial statements as of and for the year ended December 31, 2009 included restatement adjustments regarding the accounting for concession assets, oil and gas property acquisitions and deferred income tax after we reconsidered the interpretation of facts and circumstances and the applicable accounting treatment around those items, as well as reclassification adjustments to conform to the basis on which the consolidated financial statements as of and for the year ended December 31, 2010 were presented at that time. Also see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Restatement of Consolidated Financial Statements" for more information.

The following selected consolidated financial data as of and for the year ended December 31, 2009 are derived from our consolidated financial statements which have been restated as discussed above, except for the line items related to the consolidated financial statements as of and for the year *ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above (and as further explained below), and from our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, all of which are included elsewhere in this Offering Memorandum.*

Our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 were audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), that were applied to restate and reclassify our previously reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 which have been disclosed for informational purposes only), that were applied to restate and reclassify our originally reported consolidated financial statements as of and for the year ended December 31, 2009, have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

The consolidated financial information related to the consolidated financial statements as of and for the year ended December 31, 2009 presented in this Offering Memorandum (including, without limitation, in "Summary Consolidated Financial and Other Data", "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Memorandum) are presented on an as-restated basis, except for the line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above. Except as noted in the following tables (which show the impact of the restatement and reclassification adjustments to the line items in our consolidated statements of comprehensive income data and consolidated statements of financial position data), other line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 were not affected by the restatement and reclassification adjustments discussed above. Accordingly, the discussion and presentation of such unaffected line items in this Offering Memorandum, whether in tables or paragraphs or other format of presentation, are based on and derived from our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, which are included elsewhere in this Offering Memorandum and were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited), in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

Consolidated Statements of Comprehensive Income Data

	Year Ended December 31,			
	2009 As Restated(1)	2010 Audited As Restated(2)	2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Sales and other operating revenues				
Domestic sales of crude oil, natural gas, geothermal energy and oil products	291,155.3	313,593.2	390,681.3	43,083.5
Subsidy reimbursements from the Government	41,366.1	75,976.2	156,519.8	17,260.7
Export of crude oil and oil products	28,961.2	38,469.9	37,883.5	4,177.7
Marketing fees	1,409.1	1,366.9	1,325.5	146.2
Revenues in relation to other operating activities	2,455.5	2,643.3	3,355.8	370.1
Total sales and other operating revenues	**365,347.1**	**432,049.5**	**589,765.9**	**65,038.1**
Costs of sales and other direct costs				
Cost of goods sold	305,070.4	367,174.8	501,930.4	55,351.8
Upstream production and lifting costs	12,414.6	16,139.9	17,466.7	1,926.2
Exploration costs	1,978.2	1,355.7	1,770.7	195.3
Expenses in relation to other operating activities	2,620.3	3,943.2	4,973.6	548.5
Total cost of sales and other direct costs	**322,083.4**	**388,613.7**	**526,141.4**	**58,021.8**
Gross profit	**43,263.6**	**43,435.8**	**63,624.4**	**7,016.4**
Operating expenses				
Selling and marketing expenses	5,112.2	5,638.3	6,852.6	755.7
General and administration expenses	10,411.8	9,934.9	8,608.5	949.3
Total operating expenses	**15,523.9**	**15,573.2**	**15,461.1**	**1,705.0**
Income from operations	**27,739.7**	**27,862.6**	**48,163.4**	**5,311.4**
Other income/(expenses)				
Foreign exchange (loss)/gain — net	167.3	1,695.9	(1,419.9)	(156.6)
Finance income	1,333.3	814.1	1,034.8	114.1
Finance costs	(2,003.0)	(2,632.4)	(2,545.7)	(280.7)
Income from penalty on long overdue payments by customers	—	1,894.3	783.9	86.4
Provision for impairment of receivables	—	(1,241.8)	(6,206.3)	(684.4)
Provision for impairment of oil and gas properties	—	—	(1,815.6)	(200.2)
Share in net (loss)/income of associates	189.8	0.4	(58.8)	(6.5)
Other income — net	480.6	1,532.7	989.9	109.2
Total other income/(expenses)	**168.1**	**2,063.1**	**(9,237.8)**	**(1,018.7)**
Income before income tax expense	**27,907.7**	**29,925.7**	**38,925.6**	**4,292.6**
Income tax expense:				
Current	9,008.9	11,583.5	17,235.2	1,900.7
Deferred	2,810.7	1,557.1	1,164.7	128.4
Total income tax expense	**11,819.6**	**13,140.6**	**18,399.9**	**2,029.1**
Income for the year	**16,088.1**	**16,785.1**	**20,525.7**	**2,263.5**
Other comprehensive income/(loss)	212.5	(20.0)	37.2	4.1
Difference arising from translation of foreign currency financial statements	(1,861.8)	(53.6)	684.4	75.5
Other comprehensive income/(loss), net of tax	**(1,649.3)**	**(73.6)**	**721.6**	**79.6**
Total comprehensive income	**14,438.8**	**16,711.6**	**21,247.3**	**2,343.1**
Income attributable to:				
Owners of the parent	16,203.2	16,775.6	20,471.6	2,257.6
Non-controlling interest	(115.1)	9.6	54.1	6.0
Income for the year	**16,088.1**	**16,785.1**	**20,525.7**	**2,263.5**
Total comprehensive income attributable to:				
Owners of the parent	14,459.7	16,731.1	21,192.3	2,337.0
Non-controlling interest	(20.9)	(19.5)	55.0	6.1
Total comprehensive income	**14,438.8**	**16,711.6**	**21,247.3**	**2,343.1**

Notes:

(1) This should be read in conjunction with the "Management's Discussion and Analysis of Financial Results and Operations — Restatement of Consolidated Financial Statements" and Notes 4a and 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

The table presented below shows, for the year ended December 31, 2009:

(a) our consolidated statement of comprehensive income, before restatement and as audited and reported on by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited);

(b) the restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications;

(c) our consolidated statement of comprehensive income, as previously reported;

(d) the restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications; and

(e) our consolidated statement of comprehensive income, as restated.

Our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

The adjustments that were applied to restate and reclassify the as previously reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report appearing elsewhere in this Offering Memorandum. The adjustments that were applied to restate and reclassify the originally reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

Year Ended December 31, 2009

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Consolidated statements of comprehensive income							
Domestic sales of crude oil, natural gas, geothermal energy and oil products	303,770.7	(6,048.7)	—	297,721.9	(536.9)	(6,029.8)	291,155.3
Certain fuel (BBM) products and LPG costs subsidy reimbursements from the Government	41,366.1	—	—	41,366.1	—	—	41,366.1
Export of crude oil and oil products	28,571.2	—	—	28,571.2	390.0	—	28,961.2
Marketing fees	1,409.1	—	—	1,409.1	—	—	1,409.1
Revenues in relation to other operating activities	3,229.4	(773.9)	—	2,455.5	—	—	2,455.5
Total sales and other operating revenues	**378,346.4**	**(6,822.6)**	**—**	**371,523.8**	**(147.0)**	**(6,029.8)**	**365,347.1**
Cost of goods sold	309,341.8	—	—	309,341.8	(215.8)	(4,055.6)	305,070.4
Upstream production and lifting costs	12,836.9	91.0	(513.3)	12,414.6	—	—	12,414.6
Exploration costs	1,978.2	—	—	1,978.2	—	—	1,978.2
Expenses in relation to other operating activities	2,327.6	—	292.7	2,620.3	—	—	2,620.3
Total cost of sales and other direct costs	**326,484.5**	**91.0**	**(220.7)**	**326,354.8**	**(215.8)**	**(4,055.6)**	**322,083.4**
Gross profit	**51,861.9**	**(6,913.6)**	**220.7**	**45,169.0**	**68.8**	**(1,974.2)**	**43,263.6**
Selling and marketing expenses	14,225.4	(7,139.1)	—	7,086.3	—	(1,974.2)	5,112.2
General and administration expenses	10,184.1	—	220.7	10,404.8	7.0	—	10,411.8
Total operating expenses	**24,409.6**	**(7,139.1)**	**220.7**	**17,491.2**	**7.0**	**(1,974.2)**	**15,523.9**
Income from operations	27,452.3	225.5	—	27,677.8	61.9	—	27,739.7
Share in net income of associate	88.6	—	142.1	230.8	(41.0)	—	189.8
Foreign exchange gain — net	149.2	—	—	149.2	18.1	—	167.3
Finance income	1,333.3	—	—	1,333.3	—	—	1,333.3
Finance costs	(1,830.5)	(158.0)	—	(1,988.4)	(14.6)	—	(2,003.0)
Other income — net	626.5	—	(142.1)	484.4	(3.8)	—	480.6
Total other income/(expense) — net	**367.2**	**(158.0)**	**—**	**209.3**	**(41.3)**	**—**	**168.0**
Income before income tax expense	27,819.6	67.5	—	27,887.1	20.7	—	27,907.7
Current tax	8,995.1	—	—	8,995.1	13.8	—	9,008.9
Deferred tax	3,145.5	(338.8)	—	2,806.7	4.0	—	2,810.7
Total income tax expense	**12,140.6**	**(338.8)**	**—**	**11,801.8**	**17.8**	**—**	**11,819.6**
Income before minority interests	15,679.0	406.3	—	16,085.3	2.8	—	16,088.1
Minority interests	117.9	—	—	117.9	(2.8)	(115.1)	—
Net income	**15,796.9**	**406.3**	**—**	**16,203.2**	**—**	**(16,203.2)**	**—**
Income for the year*	—	—	—	—	—	16,088.1	16,088.1
Other comprehensive income	—	—	—	—	—	212.5	212.5
Difference arising from translation of foreign currency financial statements	—	—	—	—	—	(1,861.8)	(1,861.8)
Other comprehensive loss, net of tax	—	—	—	—	—	(1,649.3)	(1,649.3)
Total comprehensive income	—	—	—	—	—	**14,438.8**	**14,438.8**
Income attributable to:							
Owners of the parent	—	—	—	—	—	16,203.2	16,203.2
Non-controlling interest	—	—	—	—	—	(115.1)	(115.1)
Total comprehensive income attributable to:							
Owners of the parent	—	—	—	—	—	14,459.7	14,459.7
Non-controlling interest	—	—	—	—	—	(20.9)	(20.9)

* Consists of net income as previously reported and minority interests after restatement adjustments

(2) As restated. See Note 4a to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

Consolidated Statements of Financial Position (Balance Sheets) Data

	As of December 31,			
	2009 As Restated(1)	2010 Audited As Restated(2)	2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Assets				
Current assets				
Cash and cash equivalents	14,787.2	21,009.2	29,011.5	3,199.3
Restricted funds — net	2,993.6	2,929.6	1,160.8	128.0
Short-term investments	1,565.8	1,699.9	1,540.0	169.8
Long-term investments — current portion	1,000.0	1,000.0	1,000.0	110.3
Trade receivables:				
Related parties — net of provision for impairment(3)	15,190.3	8,132.2	19,695.6	2,172.0
Third parties — net of provision for impairment(4)	12,142.3	12,018.7	12,421.1	1,369.8
Due from the Government – current portion	9,773.6	11,270.1	16,584.1	1,828.9
Other receivables:				
Related parties — net of provision for impairment(5)	119.0	2,847.3	182.8	20.2
Third parties — net of provision for impairment(6)	1,322.6	3,748.1	1,050.9	115.9
Inventories — net of provision for decline in value(7)	52,423.5	57,443.3	69,964.2	7,715.5
Prepaid taxes — current portion	1,483.3	2,463.7	2,796.6	308.4
Prepayments	573.8	702.9	1,411.8	155.7
Dividend advances and others	47,411.7	1,500.0	—	—
Total current assets	160,786.8	126,764.9	156,819.5	17,293.7
Non-current assets				
Due from the Government — net of current portion and net of provision for impairment(8)	10,127.7	2,096.4	698.4	77.0
Deferred tax assets — net	6,298.3	6,804.1	8,457.6	932.7
Long-term investments — net of current portion	6,903.9	5,617.6	5,397.9	595.3
Fixed assets — net of accumulated depreciation(9)	61,564.5	65,667.9	70,151.3	7,736.1
Oil and gas, and geothermal properties — net of accumulated depreciation, depletion and amortization(10)	35,122.0	40,090.4	47,248.2	5,210.4
Prepaid taxes — net of current portion	15,999.8	16,676.4	19,751.6	2,178.2
Other assets — net	5,947.6	2,779.2	3,474.5	383.2
Total non-current assets	141,963.7	139,731.9	155,179.6	17,112.9
Total assets	**302,750.5**	**266,496.8**	**311,999.1**	**34,406.6**
Liabilities and equity				
Short-term liabilities				
Short-term loans	14,760.6	19,258.3	26,506.6	2,923.1
Trade payables:				
Related parties	1,058.3	1,161.1	1,296.3	143.0
Third parties	21,330.2	31,376.4	36,173.7	3,989.2
Due to the Government — current portion	30,999.2	18,497.6	22,381.2	2,468.2
Taxes payable	4,562.2	6,306.7	6,247.5	689.0
Accrued expenses	7,542.2	7,180.3	10,179.7	1,122.6
Long-term liabilities — current portion	5,365.6	6,139.6	6,104.6	673.2
Other payables:				
Related parties	616.9	349.7	601.8	66.4
Third parties	4,626.1	4,547.8	3,393.9	374.3
Deferred revenue — current portion	414.6	690.0	390.6	43.1
Total short-term liabilities	91,275.8	95,507.5	113,276.0	12,491.8

	As of			
	December 31, 2009 Unaudited As Restated[(1)]	December 31, 2010 Audited As Restated[(2)]	December 31, 2011 Audited	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Long-term liabilities				
Due to the Government — net of current portion	5,199.1	2,134.9	1,898.6	209.4
Deferred tax liabilities — net	4,542.6	5,774.2	8,654.7	954.4
Long-term liabilities — net of current portion	18,935.1	18,637.5	15,792.9	1,741.6
Bonds payable	—	—	13,291.1	1,465.7
Provision for employee benefits	30,621.2	31,910.9	32,260.8	3,557.7
Provision for decommissioning and site restoration	6,099.0	5,678.1	6,794.4	749.3
Deferred revenue — net of current portion	2,626.4	1,411.3	882.2	97.3
Other non-current payables	674.8	762.0	809.0	89.2
Total long-term liabilities	68,698.3	66,308.8	80,383.4	8,864.5
Total liabilities	**159,974.1**	**161,816.3**	**193,659.5**	**21,356.4**
Equity				
Equity attributable to owners of the parent				
Share capital				
Authorized — 200,000,000 ordinary shares at par value of Rp. 1,000,000 (full amount) per share, issued and paid up — 82,569,779 shares	82,569.8	82,569.8	82,569.8	9,105.6
Equity adjustments	(22,343.9)	(22,343.9)	(22,343.9)	(2,464.0)
Government contributed assets pending final clarification of status	558.9	566.6	520.9	57.4
Other equity components	(47.7)	(92.1)	628.6	69.3
Retained earnings:				
Appropriated	5,946.5	25,081.3	34,314.4	3,784.1
Unappropriated	75,471.2	18,296.7	21,992.7	2,425.3
Non-controlling interest	621.7	602.2	657.1	72.5
Total equity	142,776.4	104,680.6	118,339.6	13,050.2
Total liabilities and equity	**302,750.5**	**266,496.8**	**311,999.1**	**34,406.6**

Notes:

(1) This should be read in conjunction with the "Management's Discussion and Analysis of Financial Results and Operations — Restatement of Consolidated Financial Statements" and Notes 4a and 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

The table presented below shows, as of December 31, 2009:

(a) our consolidated statement of financial position, as audited and reported on by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited);

(b) the restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications;

(c) our consolidated statement of financial position, as previously reported;

(d) the restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011), if any, to the line items affected by such restatements and reclassifications; and

(e) our consolidated statement of financial position, as restated.

Our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

The adjustments that were applied to restate and reclassify the as previously reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report appearing elsewhere in this Offering Memorandum. The adjustments that were applied to restate and reclassify the originally reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member of PricewaterhouseCoopers International Limited) as stated in their report dated April 21, 2011, which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 have not been audited or reviewed.

As of December 31, 2009

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Consolidated statement of financial position							
Cash and cash equivalents	14,739.5	—	—	14,739.5	47.8	—	14,787.2
Restricted funds — net	2,993.6	—	—	2,993.6	—	—	2,993.6
Short-term investments	1,565.8	—	—	1,565.8	—	—	1,565.8
Long-term investments — current portion	1,000.0	—	—	1,000.0	—	—	1,000.0
Trade receivables — related parties — net	925.7	—	—	925.7	(446.8)	14,711.3	15,190.3
Trade receivables — third parties — net	26,370.3	—	186.4	26,556.7	332.9	(14,747.3)	12,142.3
Due from the Government — current portion	9,867.3	—	(93.7)	9,773.6	—	—	9,773.6
Other receivables — related parties — net	72.6	—	—	72.6	—	46.4	119.0
Other receivables — third parties — net	1,056.5	—	251.7	1,308.2	24.9	(10.4)	1,322.6
Inventories — net	52,390.8	—	—	52,390.8	32.7	—	52,423.5
Prepaid taxes — current portion	1,378.8	—	—	1,378.8	104.5	—	1,483.3
Prepayments	571.2	—	—	571.2	2.6	—	573.8
Dividend advances and others	47,411.7	—	—	47,411.7	—	—	47,411.7
Total current assets	160,343.8	—	344.3	160,688.2	98.6	—	160,786.8
Due from the Government — net of current portion	10,127.7	—	—	10,127.7	—	—	10,127.7
Deferred tax assets — net	6,014.0	284.0	—	6,298.0	0.3	—	6,298.3
Long-term investments — net of current portion	7,224.5	—	—	7,224.5	(320.6)	—	6,903.9
Fixed assets — net	59,294.9	1,688.2	—	60,983.1	581.4	—	61,564.5
Oil & gas, and geothermal properties — net	35,122.0	—	—	35,122.0	—	—	35,122.0
Concession assets — net	11,503.6	(11,503.6)	—	—	—	—	—
Prepaid taxes — net of current portion	—	—	15,999.8	15,999.8	—	—	15,999.8
Other assets — net	21,181.9	767.8	(15,999.8)	5,949.9	(2.3)	—	5,947.6
Total non-current assets	150,468.6	(8,763.7)	—	141,704.9	258.9	—	141,963.7
Total assets	310,812.4	(8,763.7)	344.3	302,393.0	357.5	—	302,750.5
Short-term loans	14,760.6	—	—	14,760.6	—	—	14,760.6
Trade payables — related parties	867.0	—	—	867.0	(277.9)	469.1	1,058.3
Trade payables — third parties	21,388.4	—	186.3	21,574.7	224.7	(469.1)	21,330.2
Due to the Government — current portion	30,842.9	—	(93.7)	30,749.2	—	250.0	30,999.2
Taxes payable	4,552.4	—	—	4,552.4	9.8	—	4,562.2
Accrued expenses	7,787.0	—	—	7,787.0	5.1	(250.0)	7,542.2
Long-term liabilities — current portion	5,109.4	203.4	—	5,312.9	52.8	—	5,365.6
Other payables — related parties	616.9	—	—	616.9	—	—	616.9
Other payables — third parties	4,371.7	—	251.7	4,623.4	2.7	—	4,626.1
Deferred revenue — current portion	1,268.7	(854.2)	—	414.6	—	—	414.6
Total current liabilities	91,565.0	(650.7)	344.3	91,258.6	17.2	—	91,275.8

	Before Restatement Audited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Previously Reported Unaudited	Restatement Adjustments Audited	Reclassification Adjustments Audited	As Restated Unaudited
				(Rp. in billions)			
Due to the Government — net of current portion	5,199.1	—	—	5,199.1	—	—	5,199.1
Deferred tax liabilities — net	3,774.8	767.8	—	4,542.6	—	—	4,542.6
Long-term liabilities — net of current portion	17,111.9	1,484.7	—	18,596.6	338.5	—	18,935.1
Provision for employee benefits	30,621.0	—	—	30,621.0	0.2	—	30,621.2
Provision for decommissioning and site restoration	6,099.0	—	—	6,099.0	—	—	6,099.0
Deferred revenue — net of current portion	13,662.4	(11,036.0)	—	2,626.4	—	—	2,626.4
Other non-current payables	660.8	—	—	660.8	14.0	—	674.8
Total non-current liabilities	77,129.1	(8,783.5)	—	68,345.6	352.7	—	68,698.3
Total liabilities	168,694.1	(9,434.2)	344.3	159,604.2	369.9	—	159,974.1
Minority interests in net assets of consolidated subsidiaries	634.1	—	—	634.1	(12.4)	(621.7)	—
Share capital							
Authorized — 200,000,000 ordinary shares at par value of Rp. 1,000,000 (full amount) per share, issued and paid up — 82,569,779 shares	82,569.8	—	—	82,569.8	—	—	82,569.8
Equity adjustments	(22,343.9)	—	—	(22,343.9)	—	—	(22,343.9)
Government contributed assets pending final clarification of status	558.9	—	—	558.9	—	—	558.9
Other equity components	—	—	—	—	—	(47.7)	(47.7)
Differences arising from translation of foreign currency financial statements	33.0	—	(211.9)	(178.9)	—	178.9	—
Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	(80.7)	—	211.9	131.2	—	(131.2)	—
Retained earnings — appropriated	5,946.5	—	—	5,946.5	—	—	5,946.5
Retained earnings — unappropriated	74,800.7	670.5	—	75,471.2	—	—	75,471.2
Non-controlling interest	—	—	—	—	—	621.7	621.7
Total equity	141,484.3	670.5	—	142,154.8	—	621.7	142,776.4
Total liabilities and equity	310,812.4	(8,763.7)	344.3	302,393.0	357.5	—	302,750.5

(2) As restated. See Note 4a to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

(3) Net of provision for impairment of Rp. 64.0 billion on December 31, 2009, Rp. 55.8 billion on December 31, 2010 and Rp. 340.9 billion on December 31, 2011, respectively.

(4) Net of provision for impairment of Rp. 919.7 billion on December 31, 2009, Rp. 952.1 billion on December 31, 2010 and Rp. 1,063.7 billion on December 31, 2011, respectively.

(5) Net of provision for impairment of Rp. 7.7 billion* on December 31, 2009 and Rp. 7.1 billion on December 31, 2010, respectively. There was no provision for impairment on December 31, 2011.

(6) Net of provision for impairment of Rp. 118.8 billion* on December 31, 2009, Rp. 43.0 billion on December 31, 2010 and Rp. 43.6 billion on December 31, 2011, respectively.

(7) Net of provision for decline in value of Rp. 147.3 billion* on December 31, 2009, Rp. 185.9 billion on December 31, 2010 and Rp. 188.1 billion on December 31, 2011, respectively.

(8) Net of provision for impairment of Rp. 249.2 billion on December 31, 2010 and Rp. 2,443.4 billion on December 31, 2011, respectively. There was no provision for impairment on December 31, 2009.

(9) Net of accumulated depreciation of Rp. 29,592.7 billion on December 31, 2009, Rp. 33,158.1 billion on December 31, 2010 and Rp. 37,577.8 billion on December 31, 2011 respectively and net of provision for impairment of Rp. 578.6 billion on December 31, 2010 and Rp. 530.8 billion on December 31, 2011, respectively. There was no provision for impairment on December 31, 2009.

(10) Net of accumulated depreciation, depletion and amortization of Rp. 14,620.5 billion* on December 31, 2009, Rp. 17,597.7 billion on December 31, 2010 and Rp. 21,375.6 billion on December 31, 2011, respectively and net of provision for impairment of Rp. 1,815.6 billion on December 31, 2011. There was no provision for impairment on December 31, 2009 and December 31, 2010.

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* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

Consolidated Statements of Cash Flows Data

	Year Ended December 31,			
	2009 As Restated(1)	2010 Audited As Restated(1)	2011 Audited	2011
	Rp.	Rp. (Rp. in billions and US$ in millions)	Rp.	US$
Net cash generated from operating activities	12,783.3	22,031.5	13,889.4	1,531.7
Net cash used in investing activities	(18,749.9)	(16,012.8)	(17,648.3)	(1,946.2)
Net cash generated from financing activities	7,523.4	496.1	11,676.5	1,287.7

Note:

(1) As restated. See Notes 4a and 4b to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum.

Other Financial Data(1)

	Year Ended December 31,			
	2009	2010	2011	2011
	Rp.	Rp. (Rp. in billions and US$ in millions, unless otherwise indicated)	Rp.	US$
Capital expenditure	18,750.4	17,311.6	19,139.2	2,110.6
Interest expense(2)	565.9	991.7	1,275.9	140.7
EBITDA(3)	33,851.1	38,251.1	47,218.1	5,207.1
Total debt(4)	36,031.3	40,159.0	57,522.9	6,343.5
Total debt/EBITDA	1.0	1.0	1.2	1.2
EBITDA/Total sales and other operating revenues (%)	9.3	8.9	8.0	8.0
Total debt to Total equity (%)	25.2	38.4	48.6	48.6
EBITDA/Interest expense (times)	59.8	38.6	37.0	37.0

Notes:

(1) Amounts presented in this table as of or for the years ended December 31, 2009 and 2010 are presented on an as-restated basis, See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Restatement of Consolidated Financial Information”.

(2) Interest expense is comprised of finance costs for short-term loans and long-term loans including the two-step loan and bonds. For details of the two-step loan and bonds, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness”. The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

(3) We calculate EBITDA by adding depreciation, depletion and amortization, interest expense (as described in footnote (2) above) and income tax expense to net income and subtracting interest income. EBITDA is a supplemental measure of our performance and liquidity that is not required by or presented in accordance with IFAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under IFAS or U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFAS or U.S. GAAP or an alternative to cash flows from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such term may not be possible. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. The following table reconciles our net income under IFAS to our definition of EBITDA for the periods indicated:

	Year Ended December 31,			
	2009	**2010**	**2011**	**2011**
	Rp.	**Rp.**	**Rp.**	**US$**
	(Rp. in billions and US$ in millions)			
Income for the year	16,088.1	16,785.1	20,525.7	2,263.5
Adjustments:				
Interest income*	(1,333.3)	(814.1)	(1,034.8)	(114.1)
Interest expense*	565.9	991.7	1,275.9	140.7
Income tax expense	11,819.6	13,140.6	18,399.9	2,029.1
Depreciation, depletion and amortization	6,710.8	8,147.8	8,051.4	887.9
EBITDA	33,851.1	38,251.1	47,218.1	5,207.1

* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and are derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

(4) Total debt is comprised of short-term loans, bank loans (including current portion). the two-step loan and bonds. For details of the two-step loan and bonds, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness".

Selected Reserve, Production and Operating Data

We estimate our proved oil and gas reserve quantities based on our oil and gas resource management system, which contains procedures for classifying and estimating reserves which are consistent with SPE 2001 guidelines. All information in this Offering Memorandum relating to oil and gas reserves is presented on the basis of our "net reserves" which represents our share of the gross reserves in a block, field or specified area, attributable to our working interest before deducting the share payable to the Government as owner of the reserves, pursuant to the terms of the relevant production sharing arrangement or cooperation contract and the cost recovery and any applicable taxes.

The information on our oil and gas production presented and referred to as "production" in this Offering Memorandum is our "net production" and represents our share of the oil and/or gas production from a block, field or specified area, attributable to our working interest before deducting the share payable to the Government pursuant to the terms of the relevant production sharing arrangement or cooperation contract and the cost recovery and any applicable taxes. See "Risk Factors — Risks Relating to Our Upstream Operations — Our crude oil, natural gas and geothermal reserve estimates are uncertain and may prove to be incorrect over time or may not accurately reflect actual reserve levels, or even if accurate, technical limitations may prevent us from retrieving these reserves" and "Business — Pertamina Upstream Business — Reserves".

The following table sets forth the present value and estimated volume of our total net oil and gas proved and proved plus probable reserves, as well as other figures relevant to our operations.

	As at December 31,		
	2009	**2010**	**2011**
Proved reserves:			
Crude oil (mmbbls)	1,381.8	1,502.5	1,317.9
Natural gas (bcf)	10,628.9	10,837.0	10,906.0
Total (mmboe)	**3,216.3**	**3,373.0**	**3,200.3**
Proved plus probable reserves:			
Crude oil (mmbbls)	1,857.3	1,966.5	1,802.9
Natural gas (bcf)	14,509.9	15,888.7	14,791.5
Total (mmboe)	**4,361.7**	**4,708.9**	**4,355.9**

	Year Ended December 31,		
	2009	**2010**	**2011**
Average daily oil and gas production:			
Crude oil (mbbls/d)	176.5	192.0	193.5
Natural gas (mmcf/d)	1,376.0	1,437.4	1,530.4
Total (mboe/d)	**414.0**	**440.1**	**457.6**
Average realized sales prices:			
Crude oil (US$ per bbl)	64.20	80.62	110.76
Natural gas (US$ per mcf)	3.35	3.51	4.51

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

You should read the following discussion in conjunction with our consolidated financial statements and the related notes, "Presentation of Financial and Other Data", "Summary Consolidated Financial and Other Data" and "Selected Consolidated Financial and Other Data" included elsewhere in this Offering Memorandum. Our consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from U.S. GAAP. See "Summary of Certain Differences between Indonesian Financial Accounting Standards and U.S. GAAP". Unless otherwise indicated, references in this section to years are to our fiscal year ending December 31 in such year.

In 2010, we changed our independent public accountants from Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), effective November 29, 2010. See "Independent Public Accountants — Change in Independent Public Accountants".

From January 1, 2011, we revised the accounting method which we used to recognize our participating interests in jointly controlled entities following a change in the applicable accounting treatment of such entities and accordingly, we reassessed our participating interests in the relevant entities and restated the consolidated financial statements as of and for the year ended December 31, 2010. We also reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for (i) the Government's share of gas sales because we are acting as an agent in those agreements on behalf of the Government and (ii) certain expenses related to transportation to deliver LPG to its point of sales. Consequently, we restated our consolidated financial statements as of and for the year ended December 31, 2010. Additionally, certain reclassifications were made to the consolidated financial statements as of and for the year ended December 31, 2010 in order to conform to the same basis on which the consolidated financial statements as of and for the year ended December 31, 2011 were presented. These reclassifications primarily reflect certain changes in accounting standards effective from January 1, 2011. These restatement and reclassification adjustments are described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

In order to present, for our most recent three years, financial information which have been prepared in accordance with the same accounting policies as those used to prepare our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, the restatement and reclassification adjustments described above have been reflected in our consolidated financial statements as of and for the year ended December 31, 2009 as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included in this Offering Memorandum. Additionally, as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, our previously reported consolidated financial statements as of and for the year ended December 31, 2009 included restatement adjustments regarding the accounting for concession assets, oil and gas property acquisitions and deferred income tax after we reconsidered the interpretation of facts and circumstances and the applicable accounting treatment around those items, as well as reclassification adjustments to conform to the basis on which the consolidated financial statements as of and for the year ended December 31, 2010 were presented at that time. See "— Restatement of Consolidated Financial Statements".

Our consolidated financial statements as of and for the year ended December 31, 2009, prior to the restatement and reclassification adjustments discussed above, which are included elsewhere in this Offering Memorandum, were audited by Purwantono, Suherman & Surja (the Indonesian member firm *of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our consolidated financial statements as of and for the years ended December 31, 2010 and 2011 were audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011) that were applied to restate and reclassify our previously reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report appearing elsewhere in this Offering Memorandum. The restatement and reclassification adjustments (as described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 which have been disclosed for informational purposes only) that were applied to restate and reclassify our originally reported consolidated financial statements as of and for the year ended December 31, 2009 have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), as stated in their report dated April 21, 2011 which is not included in this Offering Memorandum. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum. Accordingly, those restated financial information as of December 31, 2009 have not been audited or reviewed.*

The following management's discussion and analysis of financial condition and results of operations are derived from our restated and reclassified consolidated financial statements as of and for the year ended December 31, 2009, except for the line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above (and as described in "Selected Consolidated Financial and Other Data" included elsewhere in this Offering Memorandum) and from our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, all of which are included elsewhere in this Offering Memorandum. Accordingly, the discussion and presentation of such line items relating to the consolidated financial statements as of and for the year ended December 31, 2009 that were not affected by the restatement and reclassification adjustments discussed above, whether in tables or paragraphs or other format of presentation, are based on and derived from our audited consolidated financial statements as of and for the year ended December 31, 2009 prior to the restatement and reclassification adjustments discussed above, which are included elsewhere in this Offering Memorandum, and were audited by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum.

Overview

We derive our sales and other operating revenues primarily from sales of refined petroleum products, sales of crude oil and natural gas, sales of processed gas products, sales of steam and electricity and sales of petrochemical products. The main factors affecting our business and results of operations are described below.

Factors Affecting Our Business and Results of Operations

PSO Mandate

For the fiscal years ended December 31, 2011, 2010 and 2009, approximately 54.4%, 52.0% and 50.9%, respectively, of our sales and other operating revenues was derived from the distribution of subsidized fuel pursuant to our PSO mandate from the Government. Under our PSO mandate, we distribute certain grades of motor gasoline, automotive diesel oil, kerosene and LPG in 3kg cylinders to the public at regulated prices and receive compensation from the Government in accordance with a pre-set formula which is revised from time to time by the Government.

Since 2008, we have not been the exclusive holder of the PSO mandate in Indonesia and we have had to participate in an annual tender process for the PSO mandate. In 2010 and 2011, AKR and Petronas were also granted PSO mandates and in 2012, we, AKR, Petronas and Surya Parna Niaga have been granted the PSO mandate. Based on the total amount of subsidized fuel distributed in Indonesia in 2011, we continue to retain 99.6% of the PSO market. We believe this is due to our extensive distribution network. However, if the number of oil and gas companies which are granted the PSO mandate increases or the other holders of the PSO mandate extend their distribution networks, our share of the PSO market would be reduced which would in turn affect our revenue from the distribution of subsidized fuel.

Historically the regulated prices of subsidized fuel products have not been sufficient to meet our costs of producing or importing and distributing such fuel products, and we rely on compensation from the Government to address the shortfall between the regulated retail prices and our costs of producing or importing and distributing such fuel. The compensation formula determined by the Government for motor gasoline, automotive diesel oil and kerosene distributed under the PSO mandate is based on MOPS plus a margin less the regulated retail price for such subsidized fuel products. The compensation formula for LPG in 3kg cylinders is based on the Aramco LPG Contract Price ("CP Aramco"), which is the international benchmark used to determine the cost of LPG, plus a margin less the regulated retail price. The Government sets these compensation formulas annually in conjunction with the setting of the State Budget. In setting these compensation formulas, the Government assumes that the price of crude oil will not exceed a certain threshold. In 2011, the Government assumed with respect to the margin component of the compensation formula that the cost of crude oil will not be greater than US$80 per barrel. In 2012, the Government has assumed with respect to the margin component of the compensation formula that the cost of crude oil will not be greater than US$90 per barrel. Under these compensation formulas, fluctuations in the cost of purchasing crude oil and LPG are intended to be matched by the fluctuations in MOPS or CP Aramco and the margin is intended to compensate us for distribution, transportation and other costs and to provide for the opportunity to realize profits from the remainder. For the fiscal years ended December 31, 2011, 2010 and 2009, domestic sales of crude oil, natural gas, geothermal energy and oil products represented 66.2%, 72.6%, and 79.7%, respectively, of our total sales and other operating revenues while cost subsidy reimbursements under our PSO mandate represented 26.5%, 17.6% and 11.3%, respectively, of our sales and other operating revenues. The decrease in our domestic sales revenue and the increase in our cost subsidy reimbursements, each as a percentage of our total sales and other operating revenues, are due to the price of subsidized fuel remaining fixed while our costs subsidy reimbursements have increased over this period due to fluctuations in the MOPS component of the compensation formula under our PSO mandate.

Because the margin component of the compensation formula and regulated retail prices of subsidized fuel products are fixed by the Government, whenever crude oil exceeds the price assumed (as it has in 2011 and 2012) or our transportation, distribution or other costs increase, we may not be able to recover the full costs of distributing subsidized fuel and LPG under the compensation formula and may incur losses as a result. In particular, the costs of fuel required in our refining activities fluctuate with the costs of crude oil and increases in the costs of crude oil cause our costs of refining subsidized fuel to increase. We may not be able to recover such increased costs due to the fixed margin of these compensation formulas. In addition, in determining the compensation payable to us in any given month for the distribution of subsidized oil products, the Government's policy is to use MOPS from the month immediately prior to the month which the compensation claim relates to. This lag in the value of MOPS used in the compensation formula may result in the compensation we receive under our PSO mandate being insufficient to cover the cost of our raw materials in months where there is a significant increase in crude oil prices from the previous month.

In 2009 and 2010, we incurred a loss in connection with our distribution of subsidized fuel. However, in 2011, we became profitable with respect to our distribution of subsidized fuel. In 2009, due to depressed crude oil prices globally which affected the compensation formula based on MOPS, we were not able to cover our distribution costs for subsidized fuel. Although the change in the compensation formula in mid-2009 to MOPS plus a fixed margin allowed us to cover our distribution costs in the latter half of 2009, the aggregate compensation we received in 2009 under the PSO mandate was not sufficient to cover our aggregate distribution costs for subsidized fuel. In 2010, crude oil prices continued to rise and the compensation formula based on MOPs plus a fixed margin together with the regulated retail price of subsidized fuel were not sufficient to cover our costs of distribution for such fuel. In 2011, although crude oil prices continued to rise and the compensation formula under the PSO mandate continued to be insufficient with respect to our costs of distribution for motor gasoline, automotive diesel oil and kerosene, the compensation formula under the PSO mandate for LPG in 3kg cylinders was sufficient to cover our related costs of distribution and losses incurred for the distribution of other products under the PSO Mandate. The aggregate compensation we received in 2011 under the PSO mandate was sufficient to cover our costs of distribution of subsidized fuel. Although the margin component of our compensation formula for subsidized fuel has been revised in 2012, while crude oil and MOPS prices remain relatively high, we may continue to experience losses in this segment of our business.

For the fiscal years ended December 31, 2009 and 2010 and 2011, we have received compensation from the Government under our PSO mandate on the following bases:

	Compensation for Distribution of Oil Products	Compensation for Distribution of LPG
January to June, 2009	MOPS + 8.0% of MOPS less the regulated retail price	45.21% CP Aramco + Rp. 390.10/kg less the regulated retail price
July to December, 2009	MOPS + Rp. 573.45 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 573.86 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 326.91 per liter less the regulated retail price for kerosene	
2010	MOPS + Rp. 582.51 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 582.81 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 326.91 per liter less the regulated retail price for kerosene	
2011	MOPS + Rp. 607.97 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 607.45 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 402.35 per liter less the regulated retail price for kerosene	

In 2012, compensation from the Government for our PSO mandate is on the following basis:

	Compensation for Distribution of Oil Products	Compensation for Distribution of LPG
2012	MOPS + 3.32% of MOPS + Rp. 454 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + 2.17% of MOPS + Rp. 491 per liter less the regulated retail price for automotive diesel	
	MOPS + 2.49% of MOPS + Rp. 263 per liter less the regulated retail price for kerosene	

See "Business — Pertamina Downstream Business — PSO" and "Risk Factors — Risks Relating to Our Downstream Operations — We compete with other oil and gas companies in connection with our downstream activities and for the PSO mandate.", "Risk Factors — Risks Relating to Our Downstream Operations — A substantial part of our revenues is derived from the provision of subsidized fuel products." and "Risk Factors — Risks Relating to Our Downstream Operations — We may not be able to pass on increases in costs of our raw materials." for more information relating to our PSO mandate.

Price of Crude Oil, Natural Gas and Refined Products

Our operating results are impacted by the international market prices for crude oil and refined products. The volatility of the market prices of crude oil, natural gas and refined products is subject to a variety of factors beyond our control, including international events and circumstances, political developments and instability in petroleum producing regions such as the Middle East, Latin America, Northern Africa and Western Africa. Higher prices for crude oil and natural gas generally have a positive effect on our operating profit in our upstream business, as our exploration and production business benefits from the increase in prices of the oil and gas we produce and deliver. Lower crude oil and natural gas prices generally have a corresponding negative effect in our upstream business. In our downstream segments, changes in the price of crude oil also affect the world market prices for certain petrochemical feedstocks. As a result, our costs for producing petrochemical products typically track crude oil prices. The effect of changes in crude oil and natural gas prices on our refined petroleum products business depends on the rate and extent to which the prices of such products adjust to reflect those changes.

Our policy is to use as much of the crude oil which we produce as we can as feedstock in our refineries and to purchase crude oil on the open market to meet any shortfall between our crude oil production (either in the quality or quantity of the crude oil) and the demands of our refineries. A small percentage of the crude oil we produce is not of suitable quality for our refineries. We generally either trade such crude oil in exchange for crude oil of suitable quality or sell such crude oil either on the term or spot market. For the fiscal years ended December 31, 2011, 2010 and 2009, 94.5%, 97.0% and 90.2%, respectively, of the crude oil we produced was used as feedstock in our refineries, while the balance of our crude oil production in such years was either traded or sold to third parties. See "Business — Pertamina Upstream Business — Sales and Distribution — Crude Oil" for more information on our crude oil sales. The crude oil we supply to our refineries and trade is sold at the prevailing market price of crude oil so increases in crude oil prices would increase revenues in our upstream segment. We purchase more crude oil than we trade or sell to third parties so increases in the price of crude oil cause our costs of producing refined products to increase. For example, we commonly purchase Qua Iboe crude oil from Nigeria for our refineries as it is well suited for blending with the crude oil we produce before refining. We purchase Qua Iboe crude oil at spot market rates through a third party dealer, so fluctuations in the costs of Qua Iboe crude oil on the spot market tend to cause our costs of production to increase.

Demand for refined products in Indonesia exceeds the total production output of our refineries and we also import refined products to meet local demand. Fluctuations in the price of crude oil also affect market prices for certain petroleum products. Increases in the price of the refined products which we import would increase our purchasing costs. Such increases in our costs of producing and importing refined products may have a negative impact on our profits if the prices at which such products can be distributed do not fluctuate to the same extent because such prices are regulated due to market forces or otherwise.

Crude Oil, Natural Gas and Refined Product Production Volumes

Our sales and other operating revenues are positively correlated with our crude oil and natural gas production volumes, which in turn depend primarily on the level of the proven and developed reserves in the fields in which we have an interest. The level of proven and developed reserves is affected by such factors as:

- the extent to which we acquire interests in producing reserves or acquire other companies that own producing reserves;

- the rate at which exploration leads to successful discoveries and the speed at which successful exploration and development move to production;

- the speed at which we and our partners deplete the reserves through production of crude oil and natural gas; and

- the expiration and extension of the terms of the production sharing arrangements under which we and our partners produce crude oil and natural gas.

As our policy is to use as much of the crude oil which we produce as we can as feedstock in our refineries, our level of crude oil production directly affects the amount of refined products we can produce for sale. Other factors that affect our refining levels are the availability of suitable feedstock for purchase in the open markets and our refining capacity.

In addition, our refined products production levels are directly affected by the total production capacity of our six refineries, which has remained constant at 1,031 mbbls/d for each of the past three years, and our average utilization rate for such capacity, which was 82.0% in 2011 and has fluctuated in recent years from a high of 85.2% in 2009 to a low of 79.5% in 2010. Our total production capacity is affected by the facilities in place at our refineries, and our average utilization rate is affected by the efficiency of our facilities and may also be affected by periods of scheduled and unscheduled downtime and the availability of suitable feedstock.

Our results of operations are also affected by the mix of refined products that we produce and sell. Certain non-subsidized refined products, such as our petrochemical products, provide us with higher margins than other products, such as subsidized fuels distributed under our PSO mandate. Key factors contributing to our product mix in a given period will include the types of refined products that are in our product portfolio, the types of refined products that are subject to Government subsidies, customer demand, and our ability to produce such fuels. Our product portfolio and our ability to produce certain products is dependent on the NCI of our refining facilities.

The Terms of Our PSCs

Our PSCs contain customary 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 first tranche petroleum ("FTP"). Under FTP terms, the Government and the contractor are entitled to take and receive oil and gas of a certain percentage each year of the total production in a particular production area, depending on contract terms, before any deduction for cost recovery. After we have recovered all approved costs, the Government is entitled to a specified profit share of the remaining production and we keep the rest as our profit share.

Because our recoverable costs are customarily settled in gas and oil, the exact amount realizable by us out of these cost recoveries varies depending on the market prices of gas and oil. For example, if oil prices decrease, our cost recovery portion of production will rise and our net entitlement under our PSCs will therefore also rise in terms of the number of barrels of oil. However, despite such increase in our net entitlement, a decline in oil prices may lead to a decline in revenues. The international market for gas and oil is volatile, and has recently been characterized by significant price fluctuations. See "Risk Factors — Risks relating to our Company — The volatility in the prices of crude oil, natural gas and our refined products and the uncertainty of the market dynamics for oil and gas could adversely affect our business, financial condition, results of operations and prospects."

Our share of profits before tax from our PSCs ranges from 25% to 67% for oil and 57% to 80% for gas, depending on the production sharing arrangement and without taking into account the impact of cost recovery and DMO. DMO obligations are established by BPMIGAS on a contract-by-contract basis. Under PEP's PSC relating to all of our wholly-owned oil and gas fields, our share of profits before tax for oil and gas is 67.2%, which is higher than other PSCs. After a period of five years 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 7.3% to 8.1% of the crude oil produced from the contract area at a subsidized price, ranging from 15% to 25% of the market price, depending on the PSC. The size of our DMO obligations and the discount to market price at which we must fulfill them would have a direct effect on revenues from our upstream business. For the last three years, our DMO have accounted for an average of 25% of our net crude oil production. Under the PSC which PEP is party to, we are not required to sell crude oil under our DMO at a subsidized price and we receive market price for the crude oil delivered under our DMO. The majority of the crude oil which we supply under our DMO is provided by PEP. While historically there has been no DMO associated with gas production, new PSCs under the Oil and Gas Law of 2001 includes a DMO provision with respect to gas production. Although the Oil and Gas Law of 2001 has extended DMO to gas production, this change is not retrospective, and applies only to production sharing arrangements entered into after 2001. The size of our DMO obligation with respect to our gas production and the terms, including the price at which we are required to supply the gas, would have a direct effect on revenues from our upstream business.

We expect our allocation of FTP and net entitlement to increase in line with an anticipated decline in Indonesia's production of crude oil due to current production being mature and the expectation that no new major discoveries will be made in the current decade. We expect to import more crude oil and feedstock for our refineries in 2012 and in future years as a result of this decline in our FTP allocation and net entitlement which will cause our costs of sales to increase.

Indonesian income tax rates (including dividend tax) on our PSCs currently vary depending on the contract terms for the applicable PSC where revenue is generated, and this percentage changes our effective tax rate. The average income tax rate (including dividend tax) applicable to all our PSCs is 43%. 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.

See "Indonesian Regulatory Framework — Oil and Gas Regulation — Upstream — PSCs" for further information.

Movements in the Exchange Rate Between the Rupiah and U.S. Dollar

Approximately 80% of our revenues are directly or indirectly denominated in U.S. dollars. Fluctuations in the exchange rate between the Rupiah and the U.S. dollar therefore affect our results of operations. A depreciation of the Rupiah against the U.S. dollar has a negative effect on our import costs for crude oil and refined products. An appreciation of the Rupiah against the U.S. dollar, on the other hand, allows us to acquire crude oil for our refinery operations and refined products for distribution within Indonesia at comparatively lower prices in Rupiah terms. However, as prices of our refined products and our gas sales agreements are based on U.S dollars converted to Rupiah, an appreciation of the Rupiah against the U.S. dollar may also have a negative effect on our business as it may reduce our prices in Rupiah terms. See "Exchange Rates and Exchange Controls" for information about the exchange rate between the Rupiah and the dollar.

Trade Receivables Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. Our exposure to credit risk is primarily with respect to trade receivables which is represented by the carrying amount of the receivables that are presented in our balance sheet or statement of financial position.

As of December 31, 2011, the top ten parties from which trade receivables are due are PLN and its subsidiaries, the Indonesian Armed Forces and the Indonesian Police, Conoco Phillips Company, PTT Public Co., Ltd ("PTT"), PetroChina Group, Petronas Trading Corporation Sdn Bhd, Mitsui Oil (Asia) Pte. Ltd., PT Pamapersada Nusantara, PT Lion Mentari Airlines and Vitol Asia Pte Ltd.

As of December 31, 2011, we had trade receivables of Rp. 32,116.7 billion (US$3,541.8 million), approximately 61.3% of which was owed to us by our related parties and Rp. 13,869.0 billion (US$1,529.4 million) is owed to us by PLN.

Our outstanding trade receivables are not covered by credit insurance (although certain of our trade receivables from unrelated third parties are covered by collateral). We have procedures such as credit scoring, collateral requirement and regular confirmation and reconciliation, to monitor and limit exposure to credit risk on our outstanding trade receivables. Prior to 2011, we did not make provisions for impairments of trade receivables from Government-related parties. As of December 31, 2011, we have reassessed the adequacy of the provision for impairment and determined that additional provisions were required to cover amounts that are deemed uncollectible, and we have made provisions for impairment of trade receivables from related and third parties on an individual basis. We impose penalties on outstanding trade receivables, however, such procedures may not effectively limit our credit risk and avoid losses.

In 2011, 2010 and 2009, we made provisions for impairment in respect of trade receivables from third parties of Rp. 1,063.7 billion (US$117.3 million), Rp. 952.1 billion and Rp. 919.7 billion, respectively, and provisions for impairment in respect of trade receivables from related parties of Rp. 340.9 billion (US$37.6 million), Rp. 55.8 billion and Rp. 64.0 billion, respectively.

Government Ownership and Regulation

The Government is our sole shareholder and, through its agencies, it is likely to continue to retain control over us. We also derive certain benefits from being a Government-owned entity, including a favorable allocation of net entitlement under certain of our PSCs, access to two-step loans, which are loans disbursed through a lending mechanism managed by the Government which have favorable terms and are only available to Government-owned entities and a right to request to renew cooperation contracts on our existing oil and gas blocks in Indonesia. The Government could affect us through other actions, such as the alterations to the PSO mandate and the compensation we receive under it, the retail price which it sets for subsidized fuel, renegotiation or nullification of existing concessions and contracts, the imposition of taxes and foreign exchange restrictions or requiring that we supply fuel to our related parties at a discounted rate. Furthermore, because the majority of our accounts receivable are from Government-owned entities and the Government is our sole shareholder, we may have limited courses of action against it.

See “Risk Factors — Risks Relating to our Company — We are subject to the control of the Government and there is no guarantee they will always act in our best interests. We also derive certain benefits from being a state-owned entity, and we cannot guarantee that any or all of these benefits will continue.”, “Risk Factors — Risks Relating to our Company — We are exposed to credit risk on our trade receivables,” and “Risk Factors — Risks Relating to Our Downstream Operations — We may not be able to pass on increases in costs of our raw materials.”

Growth Strategy

We have in the past pursued, and expect in the future to continue to pursue strategic acquisitions, in particular, of assets in production or in advance development, joint ventures and investments that will expand our oil, gas and geothermal businesses and our activity in the oil, gas and geothermal industry generally. We plan to pursue selective international expansions to locations such as Australia, Africa, Central Asia and the Middle East. We also intend to continue to be open to partnering through acquisitions and bidding on new areas, including overseas oil and gas fields and joint management. We plan to increase capital expenditures in oil and gas exploration activities, achieve a higher reserve replacement ratio, accelerate project development and improve profitability through increasing production volumes and reducing lifting and production costs. We also intend to continue to expand and increase our refinery portfolio and have a broad expansion plan. For example, we intend to construct new refineries in East Java and in Balongan, each with a primary processing capacity of at least 200 mbbls/d. See “Business — Pertamina Downstream Business — Description of Existing Refineries” for our expansion plans for our existing refineries and “Business — Pertamina Downstream Business — Planned Development of New Refineries” for a description of our planned new refineries.

The implementation of our growth strategy may lead to increased levels of debt and debt servicing costs and significant capital expenditures in the future.

Macroeconomic Conditions

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in Indonesia and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including Indonesia, have been experiencing extreme disruption in recent years, including, among other things, extreme volatility in securities prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the collapse of a number of financial institutions in the recent past, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in Indonesia.

The deterioration in the financial markets is widely forecast to herald a recession in many countries, which may lead to significant declines in employment, household wealth, consumer demand and lending and as a result may adversely affect economic growth in Indonesia and elsewhere, which may in turn affect our business and results of operations. Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact our business and results of operations in a number of ways, including increased financing costs and lower prices for oil and gas. All of these factors may significantly affect our business and results of operations.

Internal Control Over Financial Reporting

Prior to 2003, as an entity established for the holding of the Government's oil and gas assets and the regulation of the oil and gas industry in Indonesia, we did not engage independent auditors to audit our consolidated financial statements. Since we converted into a profit-based limited liability company in 2003, we have been engaged in establishing policies and practices in order to implement a system of good internal controls and corporate governance. In connection with this effort, we engaged Prasetio, Sarwoko & Sandjaja (subsequently known as Purwantono, Sarwoko & Sandjaja and currently known as Purwantono, Suherman & Surja) (the Indonesian member firm of Ernst & Young Global Limited) as our independent auditors for the purpose of auditing the beginning balance of consolidated balance sheet as of September 17, 2003, and our consolidated financial statements as of and for the years ended December 31, 2004 and thereafter, up to December 31, 2009. In connection with this audit process, we requested that Prasetio, Sarwoko & Sandjaja (subsequently known as Purwantono, Sarwoko & Sandjaja and currently known as Purwantono, Suherman & Surja) (the Indonesian member firm of Ernst & Young Global Limited) provide us with, as part of their audit, a management letter identifying aspects of our internal control relevant to financial reporting that require remediation or improvement, their implications to our consolidated financial statements, and recommendations for remediation or improvement. In March 2011, Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) issued a management letter in relation to their audit of our consolidated financial statements as of and for the year ended December 31, 2009 (the "2009 Management Letter"), which identified a substantial number of such observations, covering a broad range of issues relating to internal controls relevant to our financial reporting. In 2010, we changed our independent public accountants to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited). In connection with the audit of our consolidated financial statements as of and for the year ended December 31, 2010, we requested that KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) provide us with, as part of their audit, a management letter identifying, among other matters, aspects of our internal controls relevant to financial reporting that require remediation or improvement, their implications on our consolidated financial statements and recommendations for remediation or improvement. On May 30, 2011, KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) issued a management letter in relation to their audit of our consolidated financial statements as of and for the year ended December 31, 2010 (the "2010 Management Letter"), which identified a substantial number of such observations, covering a broad range of issues relating to internal controls relevant to our financial reporting. Following our receipt of the 2009 Management Letter, we took measures to remedy the deficiencies and as of December 31, 2010, had addressed the majority of the issues identified therein.

Among other matters, the 2010 Management Letter identified issues relating to:

- our classification, reconciliation and consolidation procedures;

- inaccuracies in the recording of various account balances, inventories, and valuations;

- inadequacies in our estimation and assessment methods;
- errors in the recording of sales and the recording and payment of taxes and other expenses;
- reconciliation of long outstanding balances in the clearing and management of certain payables and receivables;
- our need for additional system and human resources in certain spheres;
- inadequate written policies, procedures and formal documentation;
- filing and recordkeeping systems;
- data management and analysis; and
- control system and data security.

Following the identification of these issues, we have taken measures and plan to continue to take measures to remedy these deficiencies, to ensure the completeness, timeliness and accuracy of our consolidated financial statements. Among other things, we have:

- improved our reconciliation processes through the establishment of standard periodic reconciliation procedures;
- hired additional finance and accounting personnel through recruitment of fresh graduates from major universities in Indonesia and experienced recruits;
- provided, and intend to continue to provide, on-going training to our accounting and operating personnel across different subsidiaries, affiliated entities and departments to improve their accounting knowledge and have established standard operating procedures and set key performance indicators to encourage the accuracy and timeliness of financial reporting;
- strengthened our IT systems and controls related to the IT systems to ensure proper record keeping;
- engaged an outside consultant to assist us in strengthening our internal controls over financial reporting;
- established and updated our existing standard operating procedures, in particular to implement requirements under the new or revised accounting standards; and
- established a steering committee to oversee our program for establishing suitable internal controls.

None of Prasetio, Sarwoko & Sandjaja, Purwantono, Sarwoko & Sandjaja, Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) and KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewatehouseCoopers International Limited) performed an audit or other types of assurance engagement on the effectiveness of internal control over our financial reporting during their audits of our consolidated financial statements, and their respective management letters are not therefore intended to report on the effectiveness of our internal control over financial reporting. In addition, their respective management letters do not categorize their observations and findings either based on material weaknesses, significant deficiencies, or reportable conditions, or based on materiality. Certain issues they reported in their respective management letters are the issues related to our internal control relevant to financial reporting that they identified as part of their audit procedures, and that their audit procedures were not specifically designed to, and were not required or requested to be specifically able to, detect any ineffectiveness in internal control relevant to our financial reporting.

Restatement of Consolidated Financial Statements

Restatement and reclassification adjustments affecting the consolidated financial statements as of and for the year ended 2010 and the "As Previously Reported" consolidated financial statements as of and for the year ended December 31, 2009

From January 1, 2011, we began to use the proportionate consolidation method to recognize our participating interests in jointly controlled entities following the adoption of SFAS No. 12 (Revised 2009), *"Interests in Joint Ventures"*. Accordingly, we reassessed our participating interests in PT Nusantara Regas, PT Patra SK and PT Perta Samtan Gas, which had previously been consolidated as subsidiaries or recorded under the equity method of accounting. The change to proportionate consolidation method has been applied retrospectively.

From January 1, 2011, we present non-controlling interest in the consolidated statements of financial position within equity (separately from the equity of the owners of the parent) following the adoption of SFAS No. 4 (Revised 2009), *"Consolidated and Separate Financial Statements"*. Previously, non-controlling interest is presented as a mezzanine between liabilities and equity. Also, effective January 1, 2011, we have classified Government-related entities as related parties following the adoption of SFAS No. 7 (Revised 2010), *"Related Party Disclosures"*. Prior to the adoption of SFAS No. 7 (Revised 2010), government departments and agencies were not deemed as related parties. Accordingly, certain receivables and payables previously presented as from third parties are now presented as receivables and payables from related parties. These reclassification adjustments have been applied to the earliest period presented.

We also reconsidered the interpretation of the facts and circumstances and the accounting treatment for certain items in our consolidated statement of comprehensive income for the year ended December 31, 2010. As a result, we determined that certain reclassifications were required to (i) reflect within cost of goods sold certain expenses relating to the transportation of LPG to its point of sale; and (ii) reflect the Government's share of gas sales where we were acting in the capacity of an agent under such agreements. The changes have been applied retrospectively.

The restatement and reclassification adjustments described above are disclosed in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

Restatement and reclassification adjustments applied to the originally reported consolidated financial statements as of and for the year ended December 31, 2009

As described in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 and which were disclosed for informational purposes only, we restated our consolidated financial statements as of and for the year ended December 31, 2009 after our reconsideration of the interpretation of the facts and circumstances and the applicable accounting treatment in respect of certain items in our consolidated financial statements. The restatement adjustments are summarized as follows:

- *Concession assets* — the adjustments were related to the derecognition of concession assets for SPBUs which were constructed, owned and operated by independent investors. Previously, these SPBUs were recorded on our consolidated balance sheets as concession assets with deferred revenue as the contra account. An adjustment was also made relating to the reversal of the recognition of concession assets related to SPBEs, LCTs and LPG truck tankers which are owned and operated by independent investors. After restatement, these SPBE, LCT and LPG truck tanker assets were recognized as finance lease assets. The impact of this restatement on our consolidated financial statements as of December 31, 2009 and for the year then ended is the derecognition of concession assets of Rp. 11,503.6 billion, derecognition of deferred revenue of Rp. 11,890.1 billion (including the current portion of Rp. 854.2 billion), recognition of finance lease assets — net and additional finance lease liabilities at the same amount of Rp. 1,688.2 billion, increase in retained earnings of Rp. 386.5 billion, decrease in depreciation expense of Rp. 932.4 billion, decrease in other revenues of Rp. 773.9 billion, respectively, as well as offset of concession assets operational expenses against revenues of Rp. 6,048.7 billion, and reclassification of SPBE expenses as a finance charge in the amount of Rp. 158.0 billion, and repayment of finance lease payable of Rp. 123.6 billion;

- *Oil and gas property acquisitions by our subsidiary, PHE* — the adjustment was made for deferred tax liabilities arising from the fair value estimate of acquisitions of oil and gas properties by PHE. The impact of this restatement on our consolidated financial statements as of December 31, 2009 and for the year then ended is the recognition of goodwill and additional deferred tax liabilities in the same amount of Rp. 767.8 billion, respectively, as well as increases in production and lifting expenses and deferred tax income in the same amount of Rp. 91.0 billion; and

- *Deferred tax assets adjustment on the elimination of the impact of unrealized profits in inventories related to intragroup sales* — the adjustments were made relating to deferred tax assets for the elimination of the impact of unrealized profits in inventories relating to intragroup sales. The impact of the adjustment resulted in an increase of deferred tax assets of Rp. 284.0 billion as of 2009, a decrease of deferred tax expense of Rp. 247.8 billion for the year ended December 31, 2009, and an increase in retained earnings of Rp. 36.2 billion as of December 31, 2009.

Additionally, certain reclassification adjustments were made to the consolidated financial statements as of and for the year ended December 31, 2009 to conform to the basis on which the consolidated financial statements as of and for the year ended December 31, 2010 were presented at that time. These restatement and reclassification adjustments are disclosed in Note 4b (for informational purposes only) to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

See also "Presentation of Financial and Other Data", "Summary Consolidated Financial and Other Data" and "Selected Consolidated Financial and Other Data".

Critical Accounting Policies

Our critical accounting policies and practices are those that we believe are the most important to the presentation 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 our 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 our critical accounting policies and practices. For a summary of all our accounting policies, including the policies discussed below, see Notes 2 and 3 to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are included elsewhere in this Offering Memorandum.

Use of Estimates

The preparation of consolidated financial statements in conformity with IFAS requires management to make estimations and assumptions that affect amounts of assets and liabilities and disclosures of the contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses reported during the period. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts that differ from those estimates.

The amounts recorded for depletion, depreciation and amortization as well as the recovery of the carrying value of oil and gas properties and fixed assets involving production of oil and gas depend on estimates of oil and gas reserves. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for natural gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (tanks, pipeline installations and other equipment, refineries, buildings, ships, aircraft and moveable assets). The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the period.

Construction-in-progress is stated at cost, which includes borrowing costs incurred to finance the construction during the period of development. The accumulated costs will be reclassified to the appropriate fixed asset accounts after construction is completed and such fixed assets are ready for their intended use. Depreciation is charged from when the fixed assets are ready for their intended use.

The cost of repairs and maintenance is charged to the consolidated statements of income as incurred; replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to us, and the cost of the item can be measured reliably. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of income in the period the asset is derecognized.

Oil and Gas and Geothermal Properties

We use the "successful efforts" method of accounting for oil, gas and geothermal activities. Under this method, costs to acquire interests in oil, gas and geothermal properties, to drill and equip exploratory wells that locate/result in proved reserves and to drill and equip development wells are capitalized. Such costs are amortized when proved reserves are discovered from the time the well starts commercial production. Geological and geophysical costs and other exploration costs are charged as expenditures as incurred.

The costs of drilling exploratory wells, including the costs of drilling exploratory-type stratigraphic test wells, are initially capitalized and recorded as part of assets under construction. If the well is found to have proved reserves, the capitalized costs of drilling the well are included in assets under construction — development wells. However, should the efforts be determined as unsuccessful, such capitalized costs are then charged to expense.

The costs of drilling development wells and development-type stratigraphic test wells, platforms, are capitalized as assets under construction — development wells until drilling is complete. Such cost are transferred to production wells upon completion.

Depreciation and amortization of the costs of successful exploration wells and development wells is calculated based on the units-of-production method, using the gross production divided by gross proved developed reserves. Other oil, gas and geothermal properties is calculated using the straight-line method over the lesser of their estimated useful life or the term of the relevant cooperation contract. The assets' useful lives and method of depreciation are reviewed, and adjusted prospectively if appropriate, at the end of the period.

Interest and other borrowing costs for rights to explore for, and produce oil, gas and steam are capitalized up to the date when construction is complete. The amount to be capitalized depends on whether the costs are directly attributable to an asset and if not, a weighted average of the borrowing costs against total borrowings outstanding is applied to determine the amount to be capitalized.

For jointly controlled assets, these are deemed a single unit in which we have an undivided interest. We record our share in the assets, liabilities, income and expenses in respect of our interest in the jointly controlled assets. If we are the operator, we recognize receivables from the other parties representing their share of the expenses and if we are not the operator, we recognize payables to the operator.

Financial Assets and Liabilities

We have adopted, with respect to all financial statements prepared from January 1, 2010, PSAK 50/55. We apply PSAK 50/55 when accounting for all financial assets, financial liabilities, equity instruments and derivative instruments, as follows:

- *Financial assets*. We initially recognize a financial asset at its fair value, plus transaction costs. The value of the financial asset is periodically re-measured at its fair value or amortized costs depending on its classification, and the method by which this is measured is dependent on the relevant type of financial asset. Financial assets are classified as (i) financial assets at fair value through profit or loss, (ii) held-to-maturity investments, (iii) loans and receivables or (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired and is determined by our management at initial recognition. A financial asset is derecognized when our contractual right to the cash flows from that financial asset expires, when we transfer that financial asset to another entity or when we enter into certain types of contractual obligations to pay the cash flows from that financial asset to a third party.

- *Financial liabilities*. We determine the classification of our financial liabilities at initial recognition. Financial liabilities are classified as (i) financial liabilities at fair value through profit or loss or (ii) financial liabilities carried at amortized costs. Financial liabilities are recognized initially at fair value or amortized costs depending on its classification. Financial liabilities are derecognized when our obligations expire or are discharged or cancelled. Amortized cost of a financial liability is computed using the effective interest method. When calculating the effective interest rate, we take into account any premium or discount on acquisition, which includes transaction costs and fees, that form an integral part of the effective interest rate.

Gains, losses and amortization costs are charged or credited to income. We report a net amount between our financial assets and liabilities on our balance sheet where there is a legally enforceable right to offset such amounts and the parties intend to settle on a net basis or realize the asset and settle the liability simultaneously.

Pension Plan and Employee Benefits

We and certain of our subsidiaries have post-employment benefit plans and provide other long-term employee benefits. Our post-employment benefits are comprised of a defined benefits pension plan, post-retirement healthcare benefits and severance and service pay. The defined benefits plan is evaluated with reference to uncertain events and based upon actuarial assumptions including amongst others, discount rates, expected rates of return on plan assets, expected rates of salary increases, medical cost trends, estimated retirement dates and mortality rates. Our contributions are based on actuarial reports while employees contribute a certain percentage of their salary. Differences between expected and actual costs and between the expected return and actual return on plan assets routinely occur and are called actuarial gains and losses. We amortize our actuarial gains and losses on a pro-rata basis the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period that exceed 10% of the greater of (i) the present value of the defined benefit obligation; and (ii) the fair value of the plan assets, over the average expected remaining working lives of the employees participating in the plan and recognize such gains or losses as income or expense.

Actuarial gains and losses and past-service costs arising in relation to other long-term employee benefits are recognized immediately as income or expense in the current period.

Inventories

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

Cost is determined based on the average method and comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. The average method divides the aggregate of total cost of purchases in the financial year and the value of the opening balance of inventories at the start of the financial year with the aggregate of the volume of purchases in the financial year and the volume of the inventories at the beginning of the financial year.

The net realizable value of subsidized fuel products (other than LPG 3kg cylinders) is the compensation we expect to receive in accordance with the formula set by the Government, less the estimated costs of production. The net realizable value of LPG 3kg cylinders is the compensation we expect to receive in accordance with the formula set by the Government, less the estimated costs of production.

Materials such as spare parts, chemicals and others are stated at average cost, excluding obsolete, unusable and slow-moving materials which are recorded as part of the “Non-current assets — Other assets — net” account. An allowance for obsolete, unusable and slow-moving materials is provided based on management's analysis of the condition of such materials at the end of the year which includes allowances for declines in value.

Impairment of Financial Assets

We make an assessment at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets has been impaired. We recognize an impairment loss only if there is evident that the estimated future cash flow of the financial asset or group of financial assets has been impacted and the impact can be reliably estimated. Criteria which we look at to determine if there has been any impairment losses include: (i) significant financial difficulty of the issuer or obligor, (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) concessions to borrowers not granted in the ordinary course, (iv) the probability that the borrower will enter bankruptcy or other financial reorganization; (v) disappearance of an active market for that financial asset because of financial difficulties; or (vi) a measurable decrease in the estimated future cash flows from a portfolio of financial assets. If we determine that an impairment loss has occurred, we would charge the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate to our income. A reversal of an impairment loss is credited to the income statement in the period which it arises.

If there is a decline in the fair value of an available-for-sale financial asset which has been recognized directly in equity and there is objective evidence that the assets are impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified will be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement. We do not reverse impairment losses charged to the income statement for an investment in an equity instrument classified as available for sale.

Revenue and Expense Recognition

We recognize revenues at the point of lifting from the production of crude oil and natural gas from our provisional entitlements on the basis of our interests in a producing field. Once our final entitlements are established, we reconcile the provisional and final entitlements and recognize the difference as a receivable or payable depending on whether the final entitlement exceeds or is less than the provisional entitlement. The value assigned to the volume of crude oil and natural gas which we lift is based on the annual weighted average sales price for crude oil (i.e. Indonesia Crude Price — ICP) and gas.

We recognize revenue from sales and services when the significant risks and rewards of ownership of the goods are transferred to the buyer and when such services are performed, respectively.

We recognize penalty income relating to (i) overdue PSO subsidy reimbursements to the extent that it is probable that the economic benefits will flow to us and (ii) overdue trade receivables when we and our customers agree on the amount of the penalties and there is evidence that the customers have committed to pay the penalties.

We recognize revenue from our gas and electricity supply agreements when the significant risks and rewards of ownership of gas or electricity has passed to customers.

Expenses are recognized when incurred on an accrual basis.

Overview of Sales and Other Operating Revenues, Cost of Sales and Other Direct Costs and Expenses

Sales and Other Operating Revenues

Our sales and other operating revenues are primarily derived from domestic sales of crude oil, natural gas and geothermal energy and refined products and subsidy reimbursements from the Government for subsidized fuel products. We also derive revenues from the export sales of crude oil and oil products, marketing fees and revenues from our other non-core businesses.

In 2011, 2010 and 2009, approximately 54.4%, 52.0% and 50.9%, respectively, of our sales and other operating revenue was derived from the distribution of subsidized fuel and LPG in 3kg cylinders pursuant to our PSO mandate. For fuels distributed under our PSO mandate, we receive both the retail price from the consumer as well as a cost subsidy reimbursement from the Government. See "Business — Pertamina Downstream Business — PSO" for a description of the PSO system and a description of how such cost subsidy reimbursements are determined.

Domestic sales of crude oil, natural gas, geothermal energy and oil products. For the fiscal years ended December 31, 2011, 2010 and 2009, domestic sales of these products represented 66.2%, 72,6%, and 79.7%, respectively, of our total sales and other operating revenues. The largest component of our domestic sales of these products relates to the retail sale of automotive diesel oil and premium gasoline under our PSO mandate. The balance is composed of domestic sales of other products.

Subsidy reimbursements from the Government. As noted above, we receive regular cost subsidy reimbursements from the Government for subsidized fuel and LPG we distribute under our PSO mandate. These reimbursements represented 26.5%, 17.6% and 11.3%, respectively, of our sales and other operating revenues for the years ended 2011, 2010 and 2009.

Export of crude oil and oil products. We export some of the oil products and crude oil we produce to foreign markets. In 2011, 2010 and 2009, these sales represented 6.4%, 8.9% and 7.9%, of our sales and other operating revenues.

We also derive sales and other operating revenues from marketing fees and from our other non-core businesses. In both 2010 and 2011, the most significant contributions to revenue from our non-core businesses come from natural gas transportation services.

In our upstream segment, we derive sales and other operating revenues primarily from domestic sales of crude oil, natural gas and geothermal energy and also from export sales of crude oil and oil products.

In our downstream segment, we derive sales and other operating revenue primarily from domestic sales of oil products and subsidies from the Government in relation to the distribution of certain subsidized fuel products and LPG in 3kg cylinders. We also derive sales and other operating revenues from sales of non-subsidized fuel products and refined products and marketing fees.

Costs of Sales and Other Direct Costs

Cost of sales and other direct costs consist of cost of goods sold, which is comprised of production costs and purchase of oil products and other products, upstream production and lifting costs, exploration costs and expenses relating to other operating activities.

In 2011, 2010 and 2009, cost of goods sold accounted for 95.4%, 94.5% and 94.7%, respectively, of our total cost of sales and other direct costs. The key components in cost of goods sold are:

Production costs. Production costs primarily represent costs related to the purchase of crude oil as feedstock for our refining operations. We import crude oil under term as well as spot contracts. The cost of importing crude oil accounts for a very substantial portion of our production costs, and is principally affected by the price and the quantity of crude oil we import. The quantity of crude oil imports is affected by the amount of domestic crude oil which the Government is entitled to receive under production sharing arrangements and cooperation contracts, which we process on their behalf. Our production costs also include certain overhead costs, including utilities, infrastructure and fuel consumed, rent, direct labor costs, depreciation, depletion and amortization costs of fixed assets used in our production activities, maintenance and repairs, and materials and equipment. These costs represented 56.7%, 61.3% and 68.2%, of our total cost of goods sold in 2011, 2010 and 2009, respectively.

Purchases of oil products and others. Because the supply of locally-produced oil and other petrochemical products is not sufficient to meet domestic demand, we import some of these products from foreign sources, including premium gasoline, automotive diesel oil, industrial and marine fuel oil, kerosene and other oil products and domestic purchases of other oil products. The related costs are recorded under this category. The costs of importing premium gasoline and automotive diesel oil comprise a significant portion of these costs and are affected by the extent to which Indonesia's domestic fuel consumption exceeds domestic fuel production. These costs represented 44.1%, 39.1% and 32.6%, of our total cost of goods sold in 2011, 2010 and 2009, respectively.

The balance of our cost of goods sold principally represents costs relating to the purchase of geothermal energy.

Our cost of sales and other direct costs represented 89.2%, 89.9% and 88.2% of our sales and other operating revenue for the years 2011, 2010 and 2009, respectively.

Operating Expenses

Operating expenses are comprised of selling and marketing expenses and general and administration expenses. Selling and marketing expenses are primarily incurred in connection with freight and transportation, depreciation of fixed assets used in our selling and marketing activities, salaries, wages and other employee benefits. General and administration expenses are primarily incurred in connection with salaries, wages and other employee benefits, professional services, taxes, retributions and penalties, depreciation, depletion and amortization costs of fixed assets which are not directly attributable to production, selling or marketing activities and maintenance and repairs. Our operating expenses have generally remained stable over the past three years and are not highly correlated with our sales and other operating revenues.

Other Income/(Expenses) — Net

Other income/(expenses) — net represents the balance for a given period of certain non-operational factors affecting our results of operations, including the net effect of foreign exchange gains and losses, net finance costs, income from penalties levied on long overdue payments by customers and provision for the impairment of receivables and provision for impairment of oil and gas properties. Other income/(expenses) also includes a general line item for other income, which varies from year to year and may include non-recurring items such as provisions for impairment on certain assets, contract and material penalties and signature bonuses.

Income Tax Expense

We have been subject to corporate income tax at the rate of 25% since 2010. Our applicable corporate income tax rate for 2009 was 28%. As our subsidiaries are taxed on an individual basis, in addition to the taxes which we are subject to on a consolidated basis, our effective tax rates for 2011, 2010 and 2009 were 47.3%, 43.9% and 42.4%, respectively.

Income for the Year

Our income for the year represents our income including the share of non-controlling interests in such income. Our income for the year is attributable to owners of the parent and non-controlling interests which are the interests of third parties in the equity of our subsidiaries which are not wholly owned by us. Our income for the year attributable to owners of the parent is our net income and comprised 99.7%, 99.9% and 100.7% of our total income for the years ended December 31, 2011, 2010 and 2009, respectively.

Results of Operations

Unless otherwise indicated, our results of operations are presented and discussed below on a consolidated basis.

The following table provides a breakdown of our net income by showing each item as a percentage of sales and other operating revenue for the periods indicated. This table should be read together with our consolidated financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum.

	Year Ended December 31,						
	2009 As Restated		2010 As Restated		2011		
	Rp.	%	Rp.	%	Rp.	US$	%
	(Rp. in billions and US$ in millions, except percentages)						
Total sales and other operating revenue	365,347.1	100.0	432,049.5	100.0	589,765.9	65,038.1	100.0
Total cost of sales and other direct costs	322,083.4	88.2	388,613.7	89.9	526,141.4	58,021.8	89.2
Total operating expenses	15,523.9	4.2	15,573.2	3.6	15,461.1	1,705.0	2.6
Income from Operations	27,739.7	7.6	27,862.6	6.4	48,163.4	5,311.4	8.2
Total Other Income (Expense) — Net	168.1	0.0	2,063.1	0.5	(9,237.8)	(1,018.7)	(1.6)
Income before Income Tax Expense	27,907.7	7.6	29,925.7	6.9	38,925.6	4,292.6	6.6
Total Income Tax Expense	11,819.6	3.2	13,140.6	3.0	18,399.9	2,029.1	3.1
Income for the year	16,088.1	4.4	16,785.1	3.9	20,525.7	2,263.5	3.5
Income for the year attributable to							
— owners of the parent	16,203.2	4.4	16,775.6	3.9	20,471.6	2,257.6	3.5
— non-controlling interests	(115.1)	0.0	9.6	0.0	54.1	6.0	0.0
Income for the year	16,088.1	4.4	16,785.1	3.9	20,525.7	2,263.5	3.5

The following tables provide a breakdown of our sales (before elimination of inter-segment sales and expenses) for our upstream and downstream segments for the periods indicated. The following tables also present the results for each of our upstream and downstream segments, which are our total segment revenues, net of costs of sales and other direct costs and operating expenses relating to such segments. See "Business — Pertamina Upstream Business" and "Business — Pertamina Downstream Business" for a description of our upstream and downstream segments. This table should be read together with our consolidated financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum.

Upstream

	Year Ended December 31,			
	2009 As Restated	2010 As Restated	2011	2011
	Rp.	Rp.	Rp.	US$
	(Rp. In billions and US$ in millions)			
External sales	27,835.8	28,067.2	33,165.6	3,657.4
Inter-segment sales	21,839.7	27,022.4	35,714.2	3,938.5
Total segment revenues	49,675.4	55,089.7	68,879.8	7,595.9
Segment results	25,552.6	29,170.5	40,586.4	4,475.8

Downstream

	Year Ended December 31,			
	2009 As Restated	2010 As Restated	2011	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
External sales	335,810.5	402,660.8	555,168.0	61,222.8
Inter-segment sales	1,166.0	2,428.4	3,341.3	368.5
Total segment revenues	336,976.5	405,089.1	558,509.3	61,591.2
Segment results	2,947.1	228.7	8,439.8	930.7

2011 compared with 2010

Sales and Other Operating Revenues

In 2011, our sales and other operating revenues increased by Rp. 157,716.4 billion (US$17,392.6 million), or 36.5%, to Rp. 589,765.9 billion (US$65,038.1 million) from Rp. 432,049.5 billion in 2010. This increase was primarily due to an increase in crude oil prices globally which resulted in (i) higher domestic sales revenues and (ii) subsidy reimbursements from the Government under our PSO mandate amounting to Rp. 547,201.1 billion, an increase of 40.5% over the Rp. 389,569.4 billion received in 2010. Higher global energy prices also caused increases in the prices at which we distributed non-PSO fuel and refined products.

In our upstream segment, our revenues before eliminations in connection with our accounts consolidation increased by Rp. 13,790.1 billion (US$1,520.7 million), or 25.0%, to Rp. 68,879.8 billion (US$7,595.9 million) from Rp. 55,089.7 billion in 2010. This increase was due to an increase in our sale volumes in line with an increase in our production volume of crude oil and gas following the increase in our interest in the West Madura Offshore Block and also the increased price of crude oil which caused our domestic revenues for the supply of crude oil to our refineries to increase.

In our downstream segment, our revenues before eliminations in connection with our accounts consolidation increased by Rp. 153,420.2 billion (US$16,918.9 million), or 37.9%, to Rp. 558,509.3 billion (US$61,591.2 million) from Rp. 405,089.1 billion in 2010. This increase was primarily due to (i) higher sale prices for non-PSO fuel products and subsidy reimbursements from the Government, in line with the increase in crude oil prices globally and MOPS, and in line with growth of the Indonesian economy, and (ii) higher sales volumes of PSO fuel products, in particular for automotive diesel oil ("ADO"), premium gasoline and LPG refill in 3kg cylinders, and non-PSO fuel products in particular, ADO and aviation turbine fuel.

Cost of Sales and Other Direct Costs

In 2011, our cost of sales and other direct costs increased by Rp. 137,527.7 billion (US$15,166.3 million), or 35.4%, to Rp. 526,141.4 billion (US$58,021.8 million) from Rp. 388,613.7 billion in 2010. This increase was generally in line with our increase in revenue and due to the increase of crude oil prices globally and higher import volumes of such products to meet domestic demand. Cost of sales and other direct costs as a percentage of revenue decreased marginally to 89.2% in 2011 compared to 89.9% in 2010, primarily as a result of a greater proportionate increase in our revenues as compared to costs of sales and other direct costs, as we received higher subsidy reimbursements from the Government due to the increases in MOPS and CP Aramco.

Operating Expenses

In 2011, our operating expenses decreased by Rp. 112.1 billion (US$12.4 million), or 0.7%, to Rp. 15,461.1 billion (US$1,705.0 million) from Rp. 15,573.2 billion in 2010. This decrease was due primarily to a decrease in general and administrative expenses, in particular fees for professional services as we became less reliant on external consultants due to the development of relevant internal expertise.

Income from Operations and Segment Results

In 2011, our income from operations increased by Rp. 20,300.8 billion (US$2,238.7 million), or 72.9%, to Rp. 48,163.4 billion (US$5,311.4 million) from Rp. 27,862.6 billion in 2010. Our income from operations as a percentage of our sales and other operating revenues for 2011 was 8.2% compared to 6.4% for 2010 due to the increase in our subsidy reimbursements from the Government and domestic sales of oil products.

In 2011, in our upstream segment, our results before eliminations increased by Rp. 11,415.9 billion (US$1,258.9 million), or 39.1%, to Rp. 40,586.4 billion (US$4,475.8 million) from Rp. 29,170.5 billion in 2010. This increase was primarily due to an increase in our domestic sales price of crude oil and DMO fees that we received for the crude oil supplied to our refineries.

In 2011, in our downstream segment, our results before eliminations increased significantly by Rp. 8,211.1 billion (US$905.5 million) to Rp. 8,439.8 billion (US$930.7 million) from Rp. 228.7 billion in 2010. This was primarily due to an increase in sales of non-PSO products, in particular, automotive diesel oil, aviation turbine fuel and lubricants. We also benefitted from a wider difference between ICP, which directly affects our cost of goods sold in the downstream segment, and MOPS, which directly affects the compensation we received under our PSO mandate.

Other Income — Net

In 2011, we had other expenses — net of Rp. 9,237.8 billion (US$1,018.7 million) compared to other income — net of Rp. 2,063.1 billion in 2010, a difference of Rp. 11,300.9 billion. The difference was primarily attributable to a significant increase in our provisions for impairment of receivables and our oil and gas properties. As of December 31, 2010, following our periodic review of outstanding balances, our management was of the view that the provision for impairment of trade receivables were adequate. We have reassessed the adequacy of the provision for impairment as of December 31, 2011 and determined that additional provisions were required to cover amounts that are deemed uncollectible.

Income Tax Expense

In 2011, our income tax expenses increased by Rp. 5,259.3 billion (US$580.0 million), or 40.0%, to Rp. 18,399.9 billion (US$2,029.1 million) from Rp. 13,140.6 billion in 2010. The increase in income tax expenses was a result of our increased income before income tax. Our effective tax rate was 43.9% in 2010 and 47.3% in 2011.

Income for the Year

In 2011, our income for the year increased by Rp. 3,740.6 billion (US$412.5 million), or 22.3%, to Rp. 20,525.7 billion (US$2,263.5 million) from Rp. 16,785.1 billion in 2010. As a percentage of our sales and other operating revenue, income for the year decreased from 3.9% in 2010 to 3.5% in 2011.

2010 compared with 2009

Sales and Other Operating Revenues

In 2010, our sales and other operating revenues increased by Rp. 66,702.4 billion, or 18.3%, to Rp. 432,049.5 billion from Rp. 365,347.1 billion in 2009. This increase was primarily due to an increase in crude oil prices globally and a favorable increase in the compensation formula for the distribution of oil products under our PSO mandate, which resulted in higher subsidy reimbursements from the Government under the PSO system amounting to Rp. 75,976.2 billion, an increase of 83.7% over the Rp. 41,366.1 billion* received in 2009. Higher global energy prices also caused increases in the prices at which we distributed non-PSO fuel and refined products and exported crude oil.

In our upstream segment, our revenues before eliminations in connection with our accounts consolidation increased by Rp. 5,414.3 billion, or 10.9%, to Rp. 55,089.7 billion from Rp. 49,675.4 billion in 2009. This increase was due to an increase in our production volume of crude oil following our acquisition of a significant interest in the Offshore Northwest Java field and the increased price of crude oil which caused our domestic revenues for the supply of crude oil to our refineries and our export revenues for crude oil to increase.

In our downstream segment, our revenues before eliminations in connection with our accounts consolidation increased by Rp. 68,112.6 billion, or 20.2%, to Rp. 405,089.1 billion from Rp. 336,976.5 billion in 2009. This increase was primarily due to higher sale prices for non-PSO fuel products, in line with the increase in crude oil prices globally, and higher sales volumes of such

* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

products, in particular, premium gasoline and aviation turbine fuel, which caused our revenues for the distribution of non-PSO products to increase. MOPS also increased in line with the increase in crude oil prices which increased our subsidy reimbursements from the Government under the PSO.

Cost of Sales and Other Direct Costs

In 2010, our cost of sales and other direct costs increased by Rp. 66,530.3 billion, or 20.7%, to Rp. 388,613.7 billion from Rp. 322,083.4 billion in 2009. This increase was generally in line with our increase in revenue and was primarily due to an increase in our purchasing costs for imported crude oil and refined products. This increase was generally in line with the increase of crude oil prices globally and higher import volumes of such products to meet domestic demand. Our costs of sales and the direct costs also increased due to an increase in upstream production activity, which increased our overall lifting costs. Cost of sales and other direct costs as a percentage of revenue increased to 89.9% in 2010 compared to 88.2% in 2009, primarily as a result of a greater proportionate increase in our costs of sales and other direct costs as compared to revenues, as we were unable to increase prices on subsidized fuel products and we had decided not to increase prices of LPG in 12kg cylinders.

Operating Expenses

In 2010, our operating expenses increased by Rp. 49.3 billion, or 0.3%, to Rp. 15,573.2 billion from Rp. 15,523.9 billion in 2009. This increase was due primarily to a significant increase in other employee benefits due to a change in the actuarial assumptions relating to the calculation of such benefits, which was offset by the non-recurrence of extraordinary professional and consulting fees incurred in connection with the change in our management information systems in 2009.

Income from Operations and Segment Results

In 2010, our income from operations increased by Rp. 122.9 billion, or 0.4%, to Rp. 27,862.6 billion from Rp. 27,739.7 billion in 2009. Our income from operations as a percentage of our sales and other operating revenues for 2010 was 6.4% compared to 7.6% for 2009 due to losses incurred in our downstream segment relating to our distribution of LPG in 12kg cylinders and subsidized fuel, which was partially offset by an increase in revenue in our upstream segment due to higher sales prices for our crude oil.

In 2010, in our upstream segment, our results before eliminations increased by Rp. 3,617.9 billion, or 14.2%, to Rp. 29,170.5 billion from Rp. 25,552.6 billion in 2009. This increase was primarily due to higher sales prices for our crude oil supplied to our refineries and exported, as well as an increase in production.

In 2010, in our downstream segment, our results before eliminations decreased significantly, by Rp. 2,718.4 billion or 92.2%, to Rp. 228.7 billion from Rp. 2,947.1 billion in 2009. This was primarily due to losses incurred in connection with increased costs of purchasing LPG which we distributed in 12kg cylinders. We also incurred losses in connection with the distribution of subsidized fuel under our PSO mandate. While the fixed margin under the PSO compensation formula allowed us to cover our costs of distributing subsidized fuel while crude oil prices were low in 2009, the increase in crude oil prices in 2010 caused our cost of distributing subsidized fuel to increase and the PSO subsidy was not sufficient to cover our costs of distribution for subsidized fuel in 2010.

Other Income — Net

In 2010, we had other income — net of Rp. 2,063.1 billion compared to other income — net of Rp. 168.1 billion in 2009, a difference of Rp. 1,895.0 billion. The difference was primarily attributable to a foreign exchange gain in 2010 due to exchange rate fluctuations arising from our U.S. dollar-denominated liabilities. The difference was also attributable to income from penalty on long overdue payments by customers and a credit for a correction in estimated decommissioning and site restoration costs, both of which were non-recurring items for 2010. This was partially offset by a provision for impairment of receivables and fixed assets being made in 2010 and an increase in finance lease costs and interest on long-term loans.

Income Tax Expense

In 2010, our income tax expenses increased by Rp. 1,321.0 billion, or 11.2%, to Rp. 13,140.6 billion from Rp. 11,819.6 billion in 2009. The increase in income tax expenses was a result of our increased income before income tax, which was partially offset by lower applicable corporate tax rates. Our effective tax rate was 42.4% in 2009 and 43.9% in 2010.

Income for the Year

In 2010, our income for the year increased by Rp. 697.0 billion, or 4.3%, to Rp. 16,785.1 billion from Rp. 16,088.1 billion in 2009. As a percentage of our sales and other operating revenue, our income for the year decreased from 4.4% in 2009 to 3.9% in 2010.

Liquidity and Capital Resources

We believe that our future cash flows from operations, borrowing capacity and funds raised from our debt offerings will be sufficient to fund our planned capital expenditures and investments, debt maturities and working capital requirements through 2012. However, our ability to obtain adequate financing to satisfy these demands on liquidity may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets.

The following table sets forth a summary of our cash flows for the periods indicated.

	For the Year Ended December 31,		
	2009 As Restated	2010 As Restated	2011
		(Rp. in billions)	
Net cash generated from operating activities	12,783.3	22,031.5	13,889.4
Net cash used in investing activities	(18,749.9)	(16,012.8)	(17,648.3)
Net cash generated from financing activities	7,523.4	496.1	11,676.5
Net increase in cash and cash equivalents	1,556.7	6,514.8	7,917.6
Effect of exchange rate changes on cash and cash equivalents	(2,704.1)	(292.8)	84.7
Cash and cash equivalents at the beginning of the year	15,934.5	14,787.2	21,009.2
Cash and cash equivalents at the end of the year	14,787.2	21,009.2	29,011.5

Net Cash Flows Generated From Operating Activities

Net cash flows from operating activities include funds generated from our operating activities and net cash inflows or outflows from changes in operating assets and liabilities.

Net cash flows from operating activities were Rp. 13,889.4 billion (US$1,531.7 million) in 2011 which consisted of cash receipts of Rp. 525,943.5 billion and cash payments of Rp. 512,054.2 billion. The decrease in net cash flows from operating activities in 2011, as compared to 2010, was primarily attributable to an increase in the cash used in operating activities, primarily consisting of (i) increases in payments to suppliers as a result of the increases in the purchase prices of crude oil and oil products and (ii) increases in payments to the Government and in our corporate income tax liability as a result of our increased income in 2011. This decrease was partially offset by increases in receipts from customers and from the Government due to the increase in our sales revenues and subsidy reimbursements as a result of the increase in the price of crude oil globally in 2011.

Net cash flows from operating activities were Rp. 22,031.5 billion in 2010 which consisted of cash receipts of Rp. 322.317.1 billion and cash payments of Rp. 300,285.6 billion. The increase in net cash flows from operating activities for 2010, as compared to 2009, was primarily attributable to an increase in the receipts from customers due to the increase in our sales revenues and subsidy reimbursements as a result of the increase in the price of crude oil globally in 2010. This increase was partially offset by increases in payments to suppliers due to the increases in the purchase prices of crude oil and oil products and increases in our corporate income tax liability due to our increased income in 2010.

Net cash flows from operating activities were Rp. 12,783.3 billion in 2009 which consisted of cash receipts of Rp. 280,322.4 billion and cash payments of Rp. 267,539.2 billion. The decrease in net cash flows from operating activities for 2009 was primarily on account of an increase in cash used in operating activities, primarily consisting of (i) increases in payments to suppliers on account of increases in the purchase prices of crude oil and oil products and (ii) increases in payments to the Government and in our corporate income tax liability in line with our increased income in 2009. In 2009, net cash flows from operating activities also decreased due to a decrease in cash received from the Government as a result of an offset of all of our subsidy reimbursements for oil products with the dividend advance payable to the Government in 2009 in addition to the customary offset of amounts due to the Government for its share of crude oil under our PSCs in 2009. This decrease was partially offset by increases in receipts from customers due to the increase in our sales revenue in line with increases in the price of crude oil globally.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rp. 17,648.3 billion (US$1,946.2 million) in 2011, Rp. 16,012.8 billion in 2010 and Rp. 18,749.9 billion in 2009. These amounts are primarily attributable to purchases of fixed assets of Rp. 8,368.7 billion (US$922.9 million) in 2011, Rp. 7,683.7 billion in 2010 and Rp. 7,142.3 billion in 2009, and purchases of oil and gas and geothermal properties of Rp. 10,770.6 billion (US$1,187.8 million) in 2011, Rp. 9,628.0 billion in 2010 and Rp. 11,608.0 billion in 2009. Other factors contributing to our net cash used in investing activities include net cash outflows for the acquisition of subsidiaries, particularly in 2009 of Rp. 2,635.2 billion and 2010 of Rp. 471.2 billion, when we acquired our interests in the Offshore Northwest Java PSC by way of our acquisition of BP West Java Limited in 2009 and Inpex Jawa Limited and Inpex Sumatera Limited in 2010. These amounts were partially offset by receipts of interest income amounting to Rp. 1,333.3 billion in 2009, Rp. 814.1 billion in 2010 and Rp. 645.6 billion (US$71.2 million) in 2011, and receipts from investment in medium term notes of PLN that we received in connection with a restructuring of PLN's outstanding receivables, which amounted to Rp. 1,000.0 billion (US$110.3 million) in each of 2009, 2010 and 2011.

Net Cash Generated From Financing Activities

We recorded net cash provided by financing activities of Rp. 11,676.5 billion (US$1,287.7 million) in 2011, Rp. 496.1 billion in 2010 and Rp. 7,523.4 billion in 2009.

Our net cash provided by financing activities of Rp. 11,676.5 billion (US$1,287.7 million) in 2011 consisted primarily of proceeds from short-term loans of Rp. 97,947.9 billion (US$10,801.5 million), proceeds from long-term loans, including our issued bonds, of Rp. 13,280.1 billion (US$1,464.5 million) and cash receipts from restricted funds of Rp. 1,776.5 billion (US$195.9 million). This was partially offset by payments of finance costs of Rp. 2,121.1 billion (US$233.9 million), payment of dividend of Rp. 5,627.7 billion (US$620.6 million), repayment of short term loans of Rp. 90,699.5 billion (US$10,002.2 million) and repayment of long term loans of Rp. 4,450.0 billion (US$490.7 million).

Our net cash provided by financing activities of Rp. 496.1 billion in 2010 consisted primarily of proceeds from short-term loans of Rp. 67,965.9 billion, proceeds from long-term loans of Rp. 5,805.7 billion and cash receipts from restricted funds of Rp. 79.0 billion which was offset by payments of finance costs of Rp. 3,087.5 billion, repayment of short term loans of Rp. 63,438.2 billion and repayment of long term loans of Rp. 6,828.8 billion.

Our net cash provided by financing activities of Rp. 7,523.4 billion in 2009 consisted primarily of additions to short term loans of Rp. 53,503.7 billion and to long term loans of Rp. 16,696.9 billion*, which was offset by repayment of short term loans of Rp. 49,788.6 billion*, payment of dividend advances of Rp. 6,509.6 billion*, repayment of long term loans of Rp. 3,375.0 billion and payments of finance costs of Rp. 2,906.3 billion.

Indebtedness

The following table shows the amount of our total consolidated short-term loans, long-term bank loans and bonds outstanding as of December 31, 2009, 2010 and 2011.

	As of December 31,			
	2009	**2010**	**2011**	**2011**
	Rp.	**Rp.**	**Rp.**	**US$**
	(Rp. in billions and US$ in millions)			
Short-term loans	14,760.6*	19,258.3	26,506.6	2,923.1
Long-term bank loans	21,144.2	20,772.7	17,599.3	1,940.8
Two-step loan(1)	126.5*	128.0	125.9	13.9
Bonds	—	—	13,291.1	1,465.7
Total debt	36,031.3	40,159.0	57,522.9	6,343.5

Note:

(1) The two-step loan is a Government-channeled financing obtained from the Overseas Economic Cooperation Fund Japan, translated at the exchange rate of ¥1 = Rp. 102, ¥1 = Rp. 110 and ¥1 = Rp. 117 in our audited consolidated financial statements for each of the years ended December 31, 2009, 2010 and 2011, respectively.

Our long-term loans outstanding as of December 31, 2009, 2010 and 2011 consisted of both Rupiah and foreign currency obligations. The following table shows the currency denomination of our outstanding long-term loans and bonds as of December 31, 2011.

	U.S. dollar	**Rupiah**	**Japanese Yen**
	(in millions)	**(in billions)**	**(in billions)**
Total bank and two-step loans and bonds	3,290	1,065	1.1

* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

The annual interest rate on our two-step loan is 3.1% per annum and the interest rates on our long-term banks loans and bonds during 2011, 2010 and 2009 were as follows:

	2009	2010	2011
Rupiah long-term loans	9.37% – 9.95%	6.80% – 7.20%	8.23% – 9.62%
US Dollar long-term loans	1.84% – 5.50%	2.53% – 4.54%	1.07% – 3.16%
Senior bonds due 2021	—	—	5.25%
Senior bonds due 2041	—	—	6.50%

As of December 31, 2011, the current portion of our long-term bank loans was Rp. 5,298.0 billion (US$584.3 million) and the non-current portion was Rp. 12,301.4 billion (US$1,356.6 million).

As of December 31, 2011, we have issued US$1,000,000,000 of senior unsecured bonds due in 2021 which bears coupon of 5.25% payable semi-annually and US$500,000,000 of senior unsecured bonds due in 2041 which bears a fixed coupon of 6.50% payable semi-annually.

As of December 31, 2011, we have access to unsecured short-term revolving credit facilities in the form of letters of credit post import financing of up to US$5.0 billion in aggregate from 22 Indonesian and international banks, including PT Bank Rakyat Indonesia (Persero), PT Bank Negara Indonesia (Persero), PT Bank Mandiri (Persero) Tbk, Banque Nationale de Paris Paribas, PT Bank Central Asia Tbk, The National Commercial Bank, The Bank of Tokyo Mitsubushi UFJ, LTD., Credit Agricole CIB, PT Bank ANZ Indonesia and Citibank N.A., which we use in connection with our trading activities, of which we have utilized Rp. 26,506.6 billion (US$2,923.1 million) as of December 31, 2011. Drawdowns from these facilities are subject to further approvals of the relevant financial institutions. These short-term revolving credit facilities will expire in accordance with their terms in the course of our financial year. We intend to enter into new revolving credit facilities with the same or new lenders and maintain access to up to US$5.0 billion in aggregate of short-term revolving credit facilities in the course of the year.

Our bank loans are to finance the capital expenditures for our and our subsidiaries' projects and to provide working capital. Our subsidiaries' long-term bank loans are collateralized by certain of our subsidiaries' assets such as receivables, inventories, long-term assets and other assets. As of December 31, 2011, we were in compliance with the financial covenants under our outstanding long-term bank loans.

In 2010, we entered into a US$125 million term loan, two US$150 million term loans and a US$140 million term loan, a US$250 million term loan and a US$50 million term loan, for capital expenditures and general corporate purposes. These credit facilities are unsecured and require that we provide certain information undertakings as well as financial covenants.

In 2009, we entered into a US$400 million term loan, a Rp. 3,000 billion term loan, a US$100 million term loan, a US$175 million term loan and a US$700 million syndicated term loan, primarily for working capital purposes and to finance our projects, including the acquisition of certain oil and gas blocks in Indonesia. These credit facilities are unsecured and require that we provide certain information undertakings as well as financial covenants.

We have also received financing from the Government in the form of a two-step loan from Overseas Economic Cooperation Fund Japan ("OECF"). The Government originally lent to OECF an amount of ¥11,816,000,000, pursuant to a loan agreement between the Government and OECF dated November 29, 1994. We, in turn, borrowed ¥1,172,872,837 from OECF under a two-step loan agreement dated May 7, 2007 among us as borrower, the Government as co-obligor and OECF as lender. The proceeds of this loan were used to finance the construction of the Airport Fuel Filling

Depot of Ngurah Rai International Airport in Bali. The two-step loan matures 30 years from November 29, 1994, the date of the loan agreement between the Government and OECF. There is no collateral given by the Company for the two-step loan, as the Government remains the primary obligor of the loan. The two-step loan bears interest at 3.1% per annum. Any late principal payments will be subject to a 2% per annum penalty.

As at December 31, 2011, the amount of our short-term and long-term bank loans (including our two-step loan) and our bonds due by period is:

	Total	Less than 1 Year	1 –5 Years	More than 5 Years
	(Rp. in billions)			
Short-term and long-term bank loans, two-step loan and bonds	57,522.9	31,814.3	12,340.1	13,368.5

Capital Expenditures

Our capital expenditures relate primarily to our exploration, development and production projects, to purchase interests in other companies engaged in exploration, development and production projects, the maintenance and upgrading of our refineries and repayments of outstanding debt.

The following table sets out our capital expenditures by business segment for each of the years ended December 31, 2009, 2010 and 2011.

	As of December 31,			
	2009	2010	2011	2011
	Rp.	Rp.	Rp.	US$
	(Rp. in billions and US$ in millions)			
Upstream	11,998.4	10,203.6	10,502.9	1,158.2
Downstream	5,988.9	6,917.1	7,269.1	801.6
Others	763.0	190.9	1,367.2	150.8
Total	**18,750.4**	**17,311.6**	**19,139.2**	**2,110.6**

The following table sets out our budgeted capital expenditures by business sector for each of the years 2012 and 2013. This information reflects our current expectations only and our actual capital expenditures may differ materially from the projections set out below. See “Risk Factors — Risks Relating to Our Company — We may be unable to accomplish our development plans on schedule or within our budgeted costs or that these plans, if completed, will achieve our development aims” and “Risk Factors — Risks Relating to our Company — Our business is capital intensive, and if we are unable to obtain financing on reasonable terms to fund future capital expenditures, we may be unable to implement our development plans”.

	2012	2013
	(Rp. in billions)	
Upstream		
Oil and gas exploration and production	38,214.5	51,024.7
Gas transmission, trade & processing	1,403.7	1,623.3
Geothermal	1,232.5	5,883.5
Drilling services	1,328.4	4,050.0
Total	**42,179.3**	**62,581.6**
Downstream		
Refining	2,703.1	10,080.5
Marketing and trading	2,815.9	3,138.2
Shipping	2,208.4	1,737.4
Total	**7,727.4**	**14,956.1**
LNG Business	**7.0**	**—**
Non Core businesses	**1,833.5**	**352.5**
Others	**86.8**	**38.2**

As part of our capital expenditure program, we expect to make equity contributions to our joint venture businesses. From 2012 to 2016, we anticipate that substantially all of our equity investments in our joint venture businesses will amount to Rp. 914.1 billion.

We expect that investment in oil and gas exploration and development and our refineries will continue to represent the majority of our capital expenditures. Such capital expenditures are expected to relate to acquisitions of new fields and development of existing fields or interests therein and expansion of our existing refineries and construction of new refineries in East Java and Balongan. In our upstream business sector, we also intend to continue to develop our gas transmission network and our geothermal fields. In our downstream business sector, we also intend to expand our shipping fleet, construct a refrigerated LPG terminal and expand our network of retail fuel stations which are owned and operated by us.

We plan to fund the capital and related expenditures principally through cash provided by operating activities and long-term debt.

Working Capital

Taking into account the net proceeds of the offering of the Notes (See "Use of Proceeds"), financing that has been arranged, banking facilities and loans and net operating cash inflow, our Directors are of the opinion that we have sufficient working capital for our present requirements.

Contractual Obligations

The following table summarizes our contractual cash obligations (exclusive of interest payable) with respect to our bank loans and finance leases as of December 31, 2011.

	Amounts Due By Period		
	Total	**Current**	**Non-Current**
		(Rp. in billions)	
Bank loans	44,106.0	31,804.6	12,301.3
Finance leases	4,298.1	806.6	3,491.5
Total	**48,404.1**	**32,611.2**	**15,792.8**

For further details on our restricted long-term cash, please see note 7 to our consolidated financial statements as of December 31, 2011.

Off Balance Sheet Arrangements

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

Inflation

According to the Central Bureau of Statistics (*Badan Pusat Statistik* formerly known as *Biro Pusat Statistik*) Indonesia, Indonesia's annual overall inflation rate as measured by the consumer price index was approximately 2.8% in 2009, 7.0% in 2010 and 3.8% in 2011.

Market Risks

Our primary market risk exposures are to fluctuations in oil and gas prices, exchange rates and interest rates.

Commodity Price Risks

We are exposed to fluctuations in prices of crude oil, natural gas, refined products and petrochemicals whose prices are determined by reference to international market prices which are volatile. Due to the cost recovery provided to us under our production sharing arrangements and cooperation contracts, we do not currently hedge market risk resulting from fluctuations in oil and gas prices, as cost recovery gives us a partial natural hedge against commodity price fluctuations. We purchase substantial volumes of crude oil from international suppliers in connection with our downstream operations and sell substantial volumes of refined products and petrochemicals to domestic and international buyers. We do not currently enter into commodity derivative instruments or futures to hedge the potential price fluctuations of these products or for other purposes. Therefore, fluctuations of prices of crude oil, natural gas, refined products and petrochemicals may have a significant effect on our operating expenses and net income. We are considering hedging arrangements to manage our commodity price risks and may enter into such arrangements in the future. See "Risk Factors — Risks Relating to Our Company — The volatility in the prices of crude oil, natural gas and our refined products and the uncertainty of the market dynamics for oil and gas could adversely affect our business, financial condition, results of operations and prospects".

Foreign Exchange Rate Risks

We conduct our business primarily in U.S. dollars which is our functional currency. Our reporting currency is Rupiah. We also convert a portion of our Rupiah revenues into other currencies to pay for imported equipment and materials. As export sales of crude oil, condensate and gas are determined and paid in U.S. dollars, while domestic sales of refined products are conducted in Rupiah, but based on market prices denominated in U.S. dollars, approximately 80% of our revenues are directly or indirectly denominated in U.S. dollars which reduces our exposure to foreign exchange risks.

A significant portion of our debt is denominated in U.S. dollars. The following table sets forth certain information regarding our U.S. dollar debt exposure for the periods indicated.

	As of December 31,		
	2009	2010	2011
	Rp.	Rp.	Rp.
	(Rp. in billions, except percentages)		
Total U.S. dollar denominated debt(1)	17,948.6	18,517.5	29,825.4
Total U.S. dollar debt as a percentage of total long-term bank loans and bonds	84.9%	89.1%	96.6%

Note:

(1) Consists of U.S. dollar denominated long-term bank loans (including the current portion) and bonds.

The Rupiah is a generally freely convertible currency but as a state-owned company, we are subject to Bank Indonesia requirements which restrict our ability to source U.S. dollars to three Indonesian banks, PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk.

We do not engage in any hedging activities against foreign exchange rate risks.

Interest Rate Risks

We are exposed to interest rate risk resulting from fluctuations in interest rates on our short- and long-term debt. Upward fluctuations in interest rates increase the cost of new debt and the interest cost of outstanding floating rate borrowings. As of December 31, 2011, we had total bank loans of Rp. 44,106.0 billion (US$4,863.9 million) and all of such loans which bore interest at variable rates. See "Liquidity and Capital Resources — Indebtedness." Borrowings issued at variable rates expose us to cash flow interest rate risk. We monitor interest rates to assess the potential impact of changes in these rates on our financial position. We do not currently engage in any hedging activities against interest rate risk.

For additional discussions of our market risks, see "Risk Factors."

Counterparty and Concentration of Credit Risk

We are exposed to counterparty credit risks on our investments and receivables. As of December 31, 2011, we had trade receivables of Rp. 32,116.7 billion (US$3,541.8 million), approximately 61.3% of which was owed to us by related parties. The largest trade receivable balance was due from PLN and its subsidiaries, in the amount of Rp. 13,869.0 billion (US$1,529.4 million).

We make impairment provisions for our trade receivables in accordance with our accounting policies. Provisions are made for commercial trade receivables based on receivable aging analysis at the end of each accounting period. As of December 31, 2010, we did not make provisions for impairment of trade receivables from Government-related parties as, following our periodic review of outstanding balances, our management was of the view that the provision for impairments of trade receivables was adequate. We have reassessed the adequacy of the provision for impairment as of December 31, 2011 and determined that additional provisions were required to cover amounts that are deemed uncollectible.

Liquidity Risk

The amount of liquidity we require for our operations is uncertain and our operations may be adversely affected if we do not have sufficient working capital to meet our cash and operational requirements. This may occur as a result of, amongst other reasons, delays in the payment of the Government's subsidies. We use a significant amount of cash in their operations, primarily to procure commodities and raw materials. In particular, one of our principal operating costs is the acquisition of feedstock for our refineries. Due to the volatility in market prices for crude oil, natural gas and their refined products and fluctuations in exchange rates, our working capital and costs for our upstream and downstream operations tend to be uncertain.

We fund our operations principally through cash flow from operations, a significant portion of which comprises sales, subsidy payments, short-term working capital facilities (including bank overdrafts, letters of credit and revolving credits), and long-term bank loans. In accordance with the terms of the PSO mandate, we are required to submit our claim for subsidy to the Government at the end of each month for the subsidized fuel distributed in that month.

As of December 31, 2011 and 2010, we had cash and cash equivalents of Rp. 29,011.5 billion (US$3,199.3 million) and Rp. 21,009.2 billion, respectively.

We manage our liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of account receivables and payables.

INDUSTRY OVERVIEW

The following industry and market data has been prepared by and obtained from our energy industry consultant, Wood Mackenzie, using information provided by us as well as publicly available information. Such data has not been independently verified and neither we, except with respect to information which we have provided, nor the Joint Bookrunners and Joint Lead Managers make any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon. See "Forward-Looking Statements" and "Energy Industry Consultant" which are included elsewhere in this Offering Memorandum.

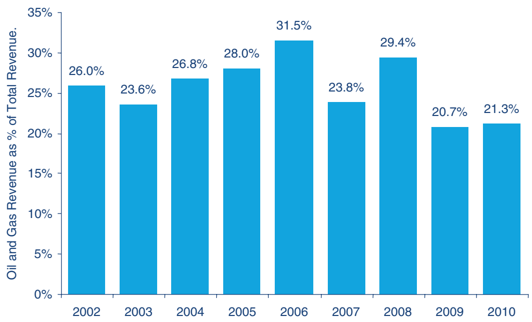
Indonesia Overview

Macroeconomic Overview

Indonesia is the largest economy in Southeast Asia, both in terms of domestic value-added gross GDP and population size. It continued its strong growth momentum in 2010 with growth of 6.1%. It was relatively sheltered from the Great Recession due to its low dependence on exports (about 30% of GDP) and large domestic economy.

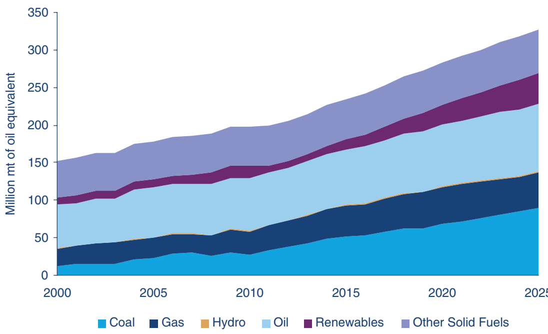
Our industry consultant, Wood Mackenzie, expects Indonesia's GDP to double from US$291 billion (in real terms in 2011 to US$556 billion by 2025. Wood Mackenzie expects this to be supported by an increase of 31 million in population size from the current population of 233 million. The oil and gas industry has long been and remains a very important factor for the Indonesian economy, contributing 6% to the GDP and 21.3% of the total revenue of the Government in 2010. With domestic demand for oil and gas projected to increase by 65% by 2025, the sector is expected to remain a significant driver of Indonesia's economic growth.

Oil and gas revenue as percentage of total Government revenue



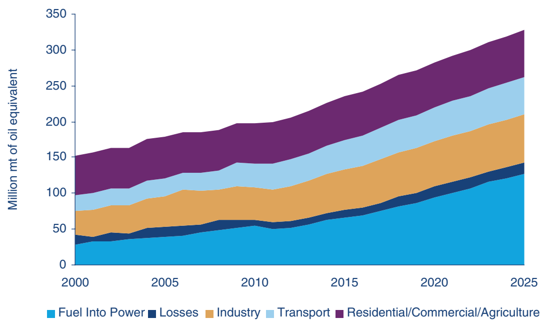
Source: Wood Mackenzie

Projected energy consumption by fuel, 2000-2025



Source: Wood Mackenzie

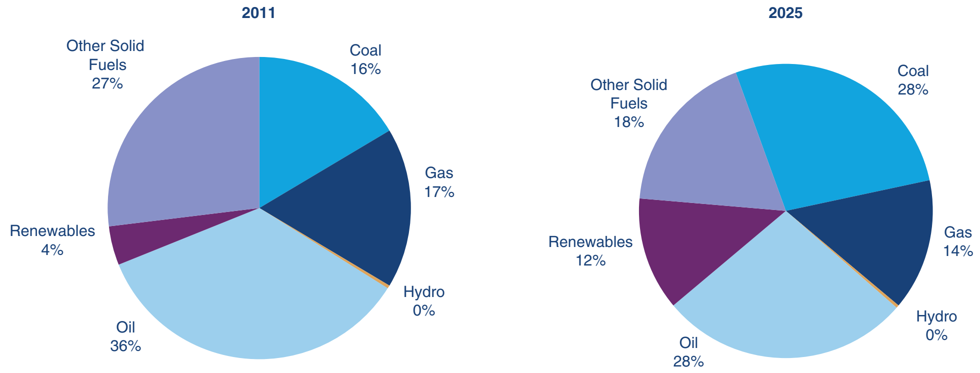
Projected energy consumption by sector, 2000-2025



Source: Wood Mackenzie

Indonesian total energy consumption is currently dominated by oil which is mainly used in the transport sector. The use of other solid fuels, which consists mainly of non-commercial biomass used for cooking in the residential/commercial/agriculture sector, also features prominently in the energy mix given that a large proportion of Indonesians reside in rural areas and remain unconnected to the grid. However, the use of indigenous coal, which is in abundant supply, in the power and industry sectors is expected to experience the strongest growth.

Projected energy consumption by fuel, 2011 and 2025



Source: Wood Mackenzie

Wood Mackenzie expects Indonesia's total energy demand to increase from 199 million metric tonnes of oil equivalent in 2011 to 328 million mt of oil equivalent by 2025. While the industrial and transport sectors are expected to maintain their shares in total demand throughout the forecast period, it is the robust growth of the power sector which is expected to drive total demand. Demand for fuel in the power sector is expected to triple by 2025 with increasing wealth in Indonesia and as the economy transitions into a services-based market. Demand from the residential/commercial/agriculture sector is expected to increase marginally over the forecast period, but significant fuel-switching is expected to occur from other solid fuels such as biomass to other sources of energy such as LPG and electricity.

Reserves

Wood Mackenzie defines oil and gas reserves into a series of categories:

- *Commercial Reserves* — these are fields which are currently in production, under development or regarded as probable developments. Fields under development are 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 that 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. As such, Wood Mackenzie regards them as commercial reserves. Using Wood Mackenzie's methodology, commercial reserves are broadly equivalent to proved and probable reserves.

- *Technical Reserves* — these are discoveries which have been made, but where Wood Mackenzie currently does not regard them as probable developments. This may be due to the discovery requiring further appraisal in order that reserve estimates can be clarified. In some cases the discovery may be too small and/or too expensive to be developed in order to give the participants an adequate return on their investment. Some discoveries — particularly for gas — may be stranded, with no current viable markets for any production from the discovery. Many of the technical reserves will become commercial reserves and production as and when these issues are resolved.

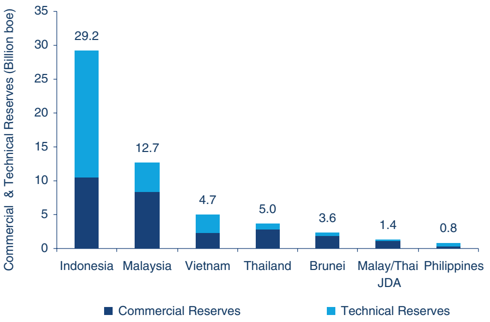
Wood Mackenzie has been publishing analyses of commercial reserves on a field-by-field basis for almost 40 years in its 'Upstream Service'. The analyses and supporting data, such as reserves, production profiles and timings, are Wood Mackenzie's own opinion. This is developed based on Wood Mackenzie's conversations with the operator of each field (and often with the non-operating partners as well). This research is supplemented by an assessment of materials in the public domain, including government estimates of reserves, and documentation released by oil companies for public relations and regulatory purposes.

Technical reserves are estimated on a discovery-by-discovery basis by Wood Mackenzie. As with the commercial fields, Wood Mackenzie discusses the size of the technical reserves in each discovery with the operator and often the non-operating partners. Where this information is confidential for a discovery, Wood Mackenzie estimates the size of the technical reserves based on recent discoveries in the region. In addition, technical reserves may change as appraisal is carried out on a discovery. Estimates of technical reserves are, therefore, more tentative than for commercial reserves.

Regional Comparison

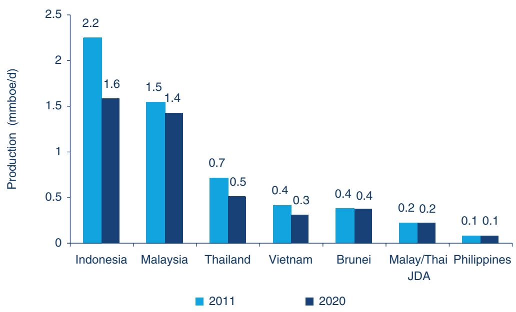
As at January 1, 2012, Indonesia had the largest commercial oil and gas reserves in Southeast Asia with around 10.5 billion boe, 75% of which was gas. Malaysia was the next largest holder of reserves with commercial reserves of around 8.3 billion boe, 68% of which was gas. The other countries in Southeast Asia have significantly smaller volumes of commercial reserves. Including technical reserves, Indonesia still has the largest reserves base in Southeast Asia, with 29.2 billion boe, of which 64% is gas.

Estimated remaining commercial and technical reserves as at January 1, 2012



Source: Wood Mackenzie

Regional production comparison: 2011 vs. 2020 (Projected)



Source: Wood Mackenzie

Production

Indonesia had the highest oil and gas production in Southeast Asia in 2011, in line with its position as the holder of the largest commercial reserves. In 2011, Indonesia produced 2.2 mmboe/d, of which 59% was gas. Malaysia produced around 1.5 mmboe/d, with 63% being gas. The other countries in Southeast Asia had significantly lower production levels than Indonesia and Malaysia.

By 2020, production from Indonesia's existing commercial fields is expected to fall to around 1.6 mmboe/d, with gas expected to be around 75%. This is slightly ahead of Malaysia which is expected to produce just under 1.4 mmboe/d, with gas expected to be around 71%.

By 2020, Wood Mackenzie expects that some of Indonesia's technical reserves will have matured into commercial developments. These future commercial fields are excluded from the 2020 production forecast, but could have a significant impact on future production levels.

Consumption

The Southeast Asia region, which encompasses Singapore, Thailand, Philippines, Vietnam, Malaysia and Indonesia, currently accounts for about 18% of total Asia Pacific demand. Total Southeast Asia oil product demand is forecasted by Wood Mackenzie to grow from 5 mmbbls/d in 2011 to over 7 mmbbls/d by 2025 – an average growth rate of 2.8% per annum, compared to a projected growth rate of 2.5% for the whole of Asia Pacific during this period. Among the countries in Southeast Asia, Vietnam is expected to experience the fastest rate of oil demand growth, growing at almost 7% per annum between 2011 and 2025 while Indonesia is expected to see an average rate of growth of 2.7% per annum.

Southeast Asia oil demand, 2011 and 2025 (Projected)

Source: Wood Mackenzie

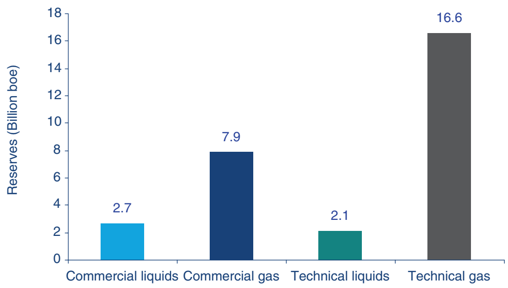
Indonesia Upstream Oil & Gas Overview

Oil and Gas Reserves

In total, Indonesia has remaining liquids reserves of 4.8 billion barrels, of which around 2.7 billion barrels are commercial reserves and 2.1 billion barrels are technical reserves. Total remaining commercial and technical gas reserves in Indonesia are 24.4 billion boe (or around 138,000 bcf of gas). Overall, remaining reserves in Indonesia are 29.2 billion boe as at January 1, 2012, split between liquids (36%) and gas (64%).

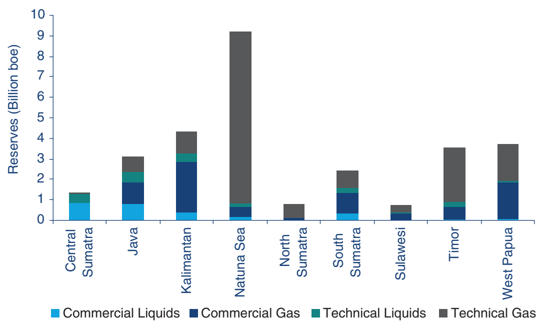
Most liquids reserves are located in Central Sumatra, Java and, to a lesser extent, Kalimantan and South Sumatra. The key region for gas reserves is the Natuna Sea which contains the Natuna D Alpha gas discovery. Kalimantan and West Papua are important regions for gas with several significant commercial gas fields.

Indonesian remaining reserves by category



Source: Wood Mackenzie

Indonesian remaining reserves by regional distribution

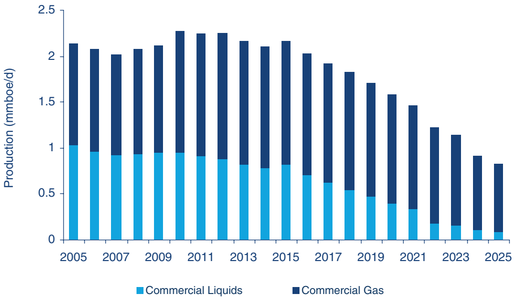


Source: Wood Mackenzie

Oil and Gas Production

Total oil and gas production in Indonesia in 2011 was 2.2 mmboe/d (42% oil), which represents an increase of 4% compared to the production level in 2005 (48% oil). Oil production has declined from 1.03 mmboe/d in 2005 to 0.91 mmboe/d in 2011. From 2005 to 2011, gas production has increased over the same period from 1.12 mmboe/d to 1.33 mmboe/d.

Indonesian total oil and gas production (Projected)



Source: Wood Mackenzie

Overall oil and gas production from the existing commercial fields in Indonesia is expected to decline from 2010 onwards. Production is expected to be around 1.59 mmboe/d in 2020, falling to 0.82 mmboe/d in 2025, with oil contributing 25% and 10% of total production respectively.

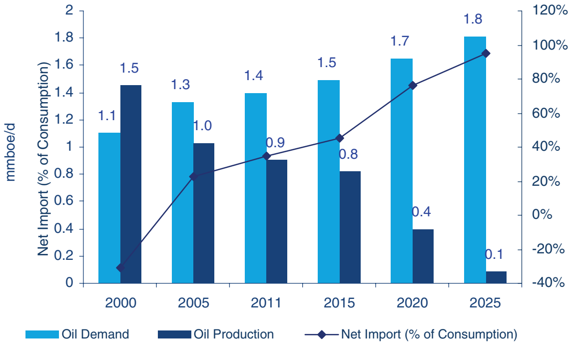
Oil Supply and Demand Balance

Indonesian oil demand is projected to increase from 1.4 mmbbls/d in 2011 to 1.8 mmbbls/d in 2025, growing at a compound annual growth rate ("CAGR") of 1.8%. The main driver of this demand growth is expected to be the transport sector, which accounted for 50% of oil demand in 2011. The industrial consumers (21% of oil demand in 2011) and residential, commercial and agricultural sectors (16% of oil demand in 2011) are also expected to be major drivers of oil demand growth.

Oil supply is however in decline. Production in 2011 was just over 0.9 mmbbls/d, and is expected to continue to decline to under 0.1 mmbbls/d by 2025.

Indonesia switched from being a net oil exporter to being a net importer around 2004. In 2011, the country is estimated to have imported around 0.49 mmbbls/d (net) of oil, an estimated 35% of its overall demand. Based on Wood Mackenzie's supply and demand assumptions, Indonesia could be importing around 0.67 mmbbls/d by 2015, which constitutes 45% of its oil demand requirements.

Projected Indonesian oil supply / demand balance



Source: Wood Mackenzie

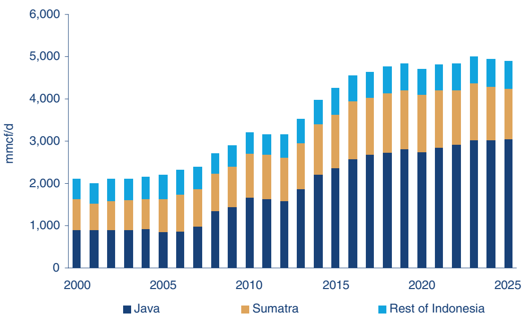
Gas Supply and Demand Balance

Domestic gas demand in Indonesia is projected to increase from around 3,200 mmcf/d in 2011 to over 4,900 mmcf/d in 2025, implying a CAGR of 3.2%. Wood Mackenzie expects that the majority of this incremental demand will come from the industrial consumers and power sector. Regionally, Wood Mackenzie expects Java to continue to remain the largest demand center. In 2011, gas demand in Java region was 1,650 mmcf/d (52% of the overall Indonesia gas demand) which was met entirely with supply sources from Java and South Sumatra. Domestic fields in Java contributed 1,025 mmcf/d (62% of the overall Java supply) and fields in South Sumatra supplied 625 mmcf/d (38% of the overall Java supply) to the Java market.

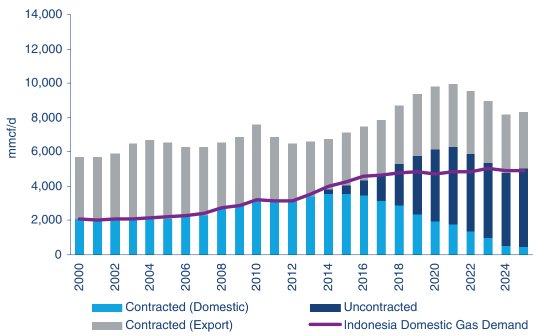
Gas production is forecasted to exceed domestic demand to 2025 and thereafter. Total gas production is projected to grow to over 8,300 mmcf/d in 2025 from 6,850 mmcf/d in 2011. South Sumatra, East Kalimantan and Papua are expected to be the main gas producing regions. Based on Wood Mackenzie's supply and demand estimates, Indonesia is expected to continue to be a major net exporter of gas to 2025 and thereafter.

The Java and Sumatra regions will import LNG going forward, which will mainly come from DMO volumes from liquefaction projects in Indonesia such as Bontang or Tangguh and also from global markets, as required. Wood Mackenzie estimates the share of LNG vis-à-vis piped domestic gas, to increase over the forecast period. In 2025, LNG will form 43% of overall gas supply in Java and 10% of overall gas supply in Sumatra.

Indonesian gas demand by region (Projected)



Indonesian gas supply and demand balance (Projected)



Source: Wood Mackenzie

Oil Pricing

The pricing of Indonesia crude varies depending on crude quality and location. The price discount of Duri crude, from one of the largest producing fields in Indonesia, against Brent crude was around 3% in 2011 and has varied over the past decade, from a discount of 6% in 2003 to a discount of 21% in 2007. This discount reflects the lower API of Duri compared to other crude pricing benchmarks. The price discount of Sumatra Light Crude (from Minas and other light oil fields) as compared to Brent crude has varied over the past decade, from a discount of 4% in 2004 to a premium of 4% in 2009 and was at a premium of 2.5% in 2011.

Gas Pricing

PLN, the Indonesian state owned electricity company, is the main purchaser of gas in the power sector. Historically, delivered piped gas prices have been in the range of US$2.5-3/mmbtu, but recent contracts are as high as US$6-7/mmbtu.

In the non-power sector, gas is expected to compete with oil products and LPG. In theory, non-power buyers of gas could pay more than double the current Government approved PGN (state-owned gas firm) purchased price (US$5.50/mmbtu) for gas and gas prices would still remain competitive. This is because the oil products and LPG prices are very high when expressed in energy equivalent terms. Wood Mackenzie estimates the recent price for diesel and LPG in Indonesia at US$27.14/mmbtu and US$18.13/mmbtu respectively.

LNG prices are expect to be higher than existing domestic gas prices. For example, the contract with Total for LNG volumes (from Bontang) into the West Java market as well as the contract for Tangguh volumes into the Aceh / North Sumatra markets is estimated to be linked at 11% of oil prices. Thus, at a crude price of US$100/bbl, the ex-regas terminal price in West Java/Sumatra markets would be in the range of US$12.5-13/mmbtu. An increasing share of LNG in the overall gas supply mix will tend to impose a pressure on domestic pricing levels. Wood Mackenzie anticipates domestic pricing levels to increase further in coming years, settling in-between the existing prices of US$6-7/mmbtu and LNG prices.

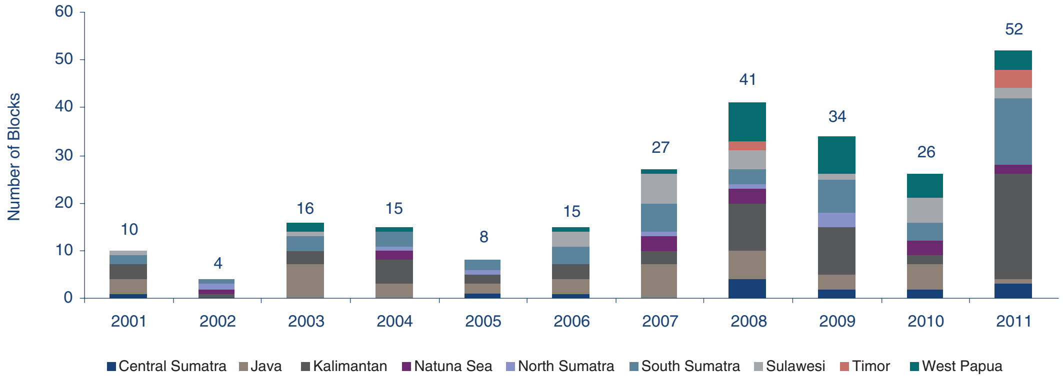
Upstream Licensing Trends

Licensing rounds are usually held yearly in Indonesia. Blocks are either awarded in a competitive tender (where signature bonuses are payable by the companies that are awarded the acreage), or by a direct offer mechanism.

The increase in the number of exploration licenses awarded between 2007 and 2009, together with a six-year exploration phase before the license has to be relinquished (unless a commercial discovery has been made), may provide further momentum for exploration activity in Indonesia in the short term.

The chart below shows the number of PSC awards each year from 2001 to 2011. The awards include competitive tender blocks, direct offer blocks, CBM licences and other awards such as KSO contracts.

Indonesian PSC awards



Source: Wood Mackenzie

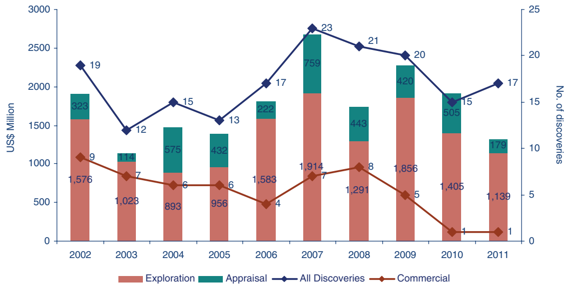
The number of PSCs awarded in Indonesia has increased significantly in recent years, with an average of 36 PSCs awarded each year between 2007 and 2011, as compared to an average of 22 PSCs yearly between 2001 and 2011. In 2011, a record 52 PSCs were awarded including 38 direct offer blocks and nine competitive tender blocks.

The first Indonesian CBM licences were awarded in 2008, with seven blocks going to a mix of local and international companies. This was followed by 13 further awards in 2009 and nine in 2010, with all the acreage to date located either in Kalimantan or Sumatra. During 2011, 23 CBM blocks were awarded; 16 of these blocks are in Kalimantan, with the remaining seven blocks in Sumatra.

Exploration Spending and Activity

Between 2002 and 2011, Wood Mackenzie estimates that US$13.6 billion has been spent on exploration in Indonesia. A further US$4.0 billion is estimated to have been spent on appraisal during this period. Indonesia is viewed by many companies as having considerable oil and gas potential, particularly in the basins in Eastern Indonesia, where large areas, both onshore and offshore, remain relatively unexplored.

Indonesian exploration and appraisal spending



Source: Wood Mackenzie

Note: 2011 figures are provisional

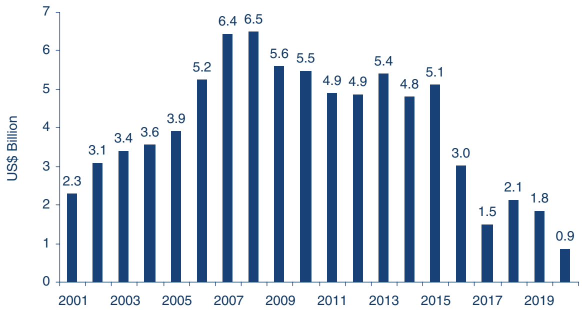
The annual pattern of exploration spending broadly matches the profile of the number of exploration wells drilled, which peaked in 2007. This broadly reflects global increases in exploration activity at the time, as rising oil prices were strongly coupled with steep increases in day-rates for exploration rigs and the cost of exploration wells.

Exploration drilling activity increased in 2006 and 2007 with around 60 exploration wells drilled each year. Drilling levels in Indonesia stayed steady in 2008 and into 2009. Higher activity levels were expected in 2008 and 2009 but these were impacted by a shortage of suitable drilling rigs, and the effects of the economic downturn. The influence of the latter was felt into 2010, which saw around 39 exploration wells completed with a further 41 wells in 2011. South Sumatra and Java remain the most heavily drilled regions.

Development Spending and Activity

Between 2001 and 2011, it is estimated that capital expenditure on Indonesian upstream developments was US$50 billion. From 2012 to 2020, it is estimated that a further US$30 billion of capital expenditure will be spent on Indonesian oil and gas fields and associated infrastructure such as pipelines and terminals. Much of this future spending — around US$20 billion — is expected to be incurred between 2012 and 2015, including investments in the Rokan PSC (US$2.1 billion forecasted) and the offshore deepwater Ganal PSC (US$1.1 billion forecasted).

Indonesian development spending



Source: Wood Mackenzie

From 2001 to 2008, development expenditure in Indonesia increased from US$2.3 billion per year to US$6.5 billion per year. A significant part of this expenditure was spent on the continuing development of some of Indonesia's older fields such as the enhanced oil recovery scheme on the Rokan PSC in the Caltex Pacific Indonesia ("CPI") area and ongoing development drilling and upgrading production facilities at the Offshore Mahakam PSC.

In addition to investment in older fields, 2007 and 2008 also saw significant capital spending on new fields in Indonesia, such as the giant Tangguh gas field. From 2009 onwards, development investment in Indonesia's existing commercial fields is expected to generally decline, although it is still expected to be above US$4 billion per year until 2015.

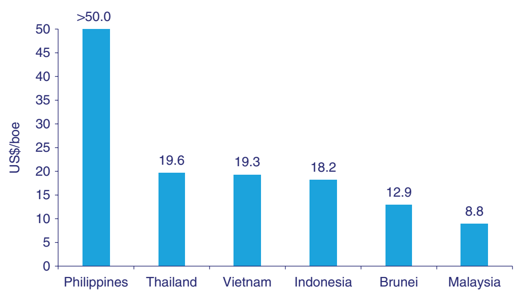
In addition to investment in the development of commercial fields which are either currently in production or under development, additional capital expenditure is anticipated on projects which have not received Plan of Development official approval yet.

Wood Mackenzie's projections only include fields which are currently regarded as being commercial. The largest discovery not regarded as commercial yet is the Natuna D Alpha gas field.

Regional Cost Competitiveness

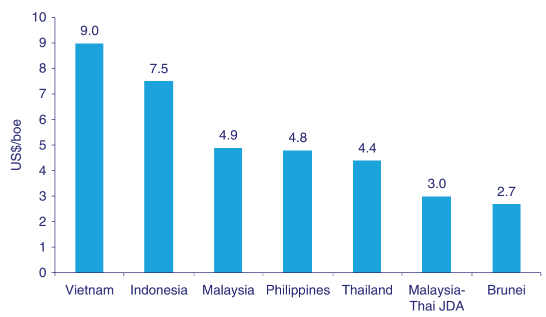
The average exploration, appraisal and development capex associated with a field development, the "Finding and Development Cost", for Indonesia in the period 2002 to 2011 was US$18.2 per boe driven in part by development spend in the Jambaran and Gehem fields. The average cost associated with the production of oil and gas once a field is in operation, the "Operating Cost", for Indonesia in 2011 was US$7.5 per boe. This is above the average Operating Cost for countries in Southeast Asia (US$5.2 per boe).

Finding and development costs (10 year average)



Source: Wood Mackenzie

Operating costs (2011)



Source: Wood Mackenzie

Oil and Gas Infrastructure

Most of the oil infrastructure in Indonesia is already in place. The only major new upstream infrastructure being installed at present is for the development of the Banyu Urip field in the Cepu PSC, Java.

Gas in Indonesia has mostly been developed for export and accordingly most of the infrastructure investment has been in LNG facilities. Existing LNG liquefaction plants are the Bontang plant in East Kalimantan, the Arun facility in North Sumatra and the Tangguh plant in Papua. Indonesia exported more than 21 million mtpa of LNG to Japanese, Korean and Taiwanese customers in 2010, which forms approximately 20% of their overall LNG demand.

The Bontang LNG plant is owned by the Government and operated by PT Badak NGL. The Arun LNG plant is owned by the Government and operated by PT Arun NGL. Both PT Badak NGL and PT Arun NGL are owned 55% by Pertamina. The Tangguh plant is operated by BP Indonesia as a contractor to the Indonesian oil and gas regulator, BPMIGAS.

Two new LNG liquefaction projects are planned in Indonesia. Donggi Senoro LNG, a 2 million mtpa liquefaction plant owned by Mitsubishi, Pertamina, Medco Energi and Korea Gas Corporation is under construction. Abadi LNG, a 2.5 million mtpa liquefaction project has been proposed by INPEX. Tangguh LNG is also proposing a brown field expansion to add a third train of 4 million mtpa by the end of this decade.

In terms of the domestic market, the main demand centres for gas are located in Java and Sumatra and hence development of pipeline infrastructure is concentrated in these islands. Limited pipeline infrastructure exists outside these islands.

The ownership of the gas transmission and distribution system in Indonesia is dominated by the state-owned companies, Pertamina and Perusahaan Gas Negara ("PGN"). Pertamina owns and operates a pipeline network that covers South Sumatra, West Java, East Java and East Kalimantan. PGN owns and operates the SSWJ pipeline. Transportasi Gas Indonesia ("TGI"), a subsidiary of PGN owns and operates the Grissik-Duri and Grissik-Singapore pipelines.

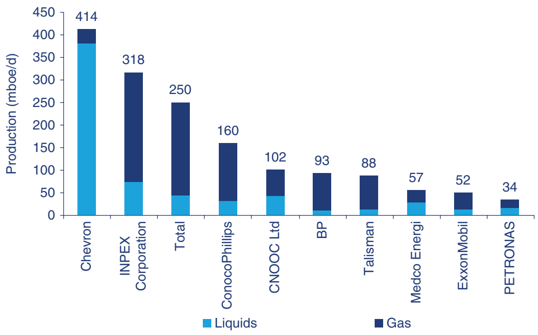
A number of new pipelines have been planned to improve pipeline connectivity in the domestic market. Gresik to Semarang and Semarang to Cirebon pipeline sections are part of the Trans-Java pipeline system connecting West Java market to East Java. Additionally, BPH MIGAS has proposed a pipeline from East Kalimantan to Semarang, if sufficient reserves are proven.

To tackle regional gas deficits, Indonesia is also planning to build floating regasification ("FSRU") plants in Java and Sumatra. These FSRU projects will be supplied with gas delivered under DMO from liquefaction projects in Indonesia and also import LNG from global markets, as and when required. PT Nusantara Regas, a joint venture between Pertamina & PGN is currently building a FSRU in Jakarta bay area (West Java) with 3 million mtpa capacity to be operational in 2012. PGN is building another FSRU in Lampung, South Sumatra with 1.8 million mtpa capacity to be operational by 2014. Other FSRU projects have been proposed in Bojonegara (West Java) and East/Central Java. Also, the Minister of State Enterprises have approved the conversion of Arun liquefaction plant in Aceh into a regas terminal.

Competitive Analysis

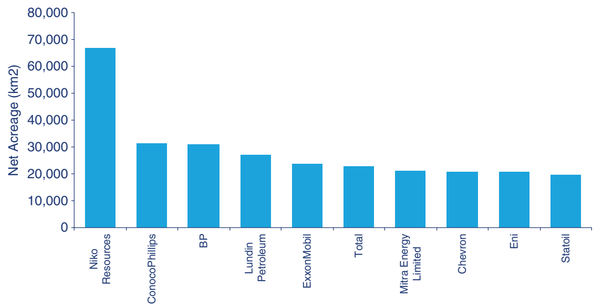
The following charts illustrate companies in Indonesia (excluding Pertamina) ranked by Wood Mackenzie's estimates of: oil equivalent production in 2011 and net acreage as at January 1, 2012.

Indonesia production in 2011 by company



Source: Wood Mackenzie

Indonesia net acreage as at January 1, 2012 by company

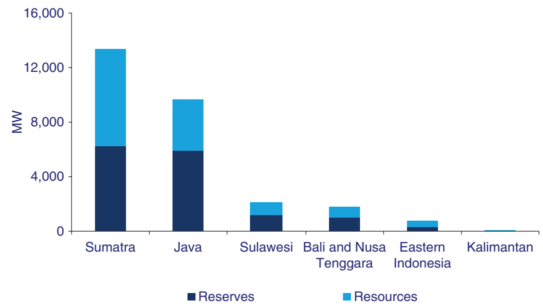


Source: Wood Mackenzie

Indonesia Geothermal Industry Overview

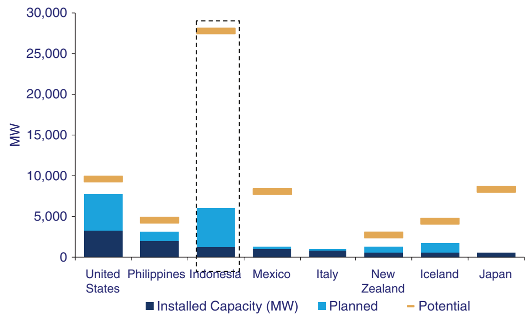
The Government estimates significant potential for geothermal energy in Indonesia. In 2009, the Directorate General of Mineral, Coal and Geothermal ("DGMCG") estimated 27,700 MW of geothermal reserves and resources in Indonesia. Sumatra and Java are identified as the islands with lead prospects, accounting for 83% of the total geothermal reserves and resources. Sumatra is expected to contribute 13,300 MW, nearly half the overall estimate for reserves and resources. Java is understood to have nearly 10,000 MW, mostly located in the western and central parts of the island.

Indonesia geothermal reserves and resources as of Dec 2011



Source: Directorate General of Mineral, Coal and Geothermal

Potential for geothermal production



Source: Wood Mackenzie

At present, global installed capacity for geothermal power is 10,900 MW. Indonesia, with 1,227 MW or 11% of the global production, has the third highest installed capacity after the United States and the Philippines. Indonesia has the highest geothermal potential in the world with 27,700 MW of geothermal resources. Only 4% of this potential has been harnessed and another 17% planned for development.

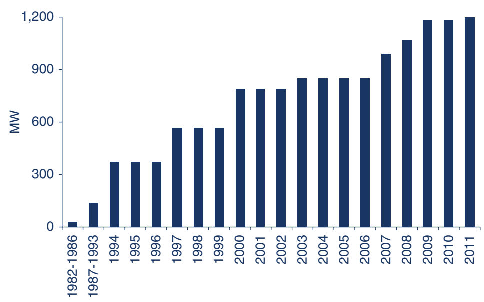
Geothermal Projects

The application of geothermal power started in 1982 when Pertamina developed the first unit of the Kamojang geothermal plant in West Java. Development of geothermal projects has gradually increased since 1997. Overall geothermal capacity increased further when Darajat and Wayang Windu generation plants came online in 2000.

Existing geothermal projects

Name	Province	Developer	Installed Capacity (MW)
Gunung Salak	West Java	PGE-CGS	377
Darajat	West Java	PGE-CGI	271
Wayang Windu	West Java	PGE-SE	227
Kamojang	West Java	PGE	200
Lahendong	North Sulawesi	PGE	80
Dieng	Central Java	GDE	60
Sibayak	North Sumatra	PGE	12
		Total	1227

Geothermal capacity (1982-2011)

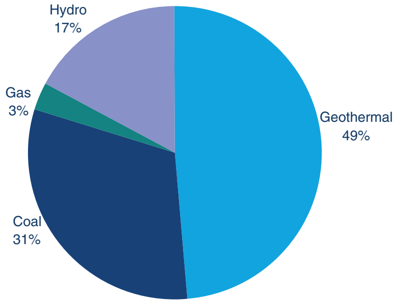


Source: Wood Mackenzie, DGMCG

Note: PGE: Pertamina Geothermal Energy, CGS: Chevron Geothermal Salak, CGI: Chevron Geothermal Indonesia, GDE: Geo Dipa Energy, SE: Star Energy

Through Minister Regulation No. 15/2010, as amended by Minister of Energy and Natural Resources No. 1/2012, the Government announced a number of generation plants to be developed under the Fast Track Program Phase 2. Unlike in Fast Track Program Phase 1 where all plants were coal-based, Phase 2 consists of a combination of coal, geothermal, gas and hydro-based generation plants. Geothermal plants form 50% of the generation plants in the Fast Track Program Phase 2.

Power generation plants (Fast Track Program Phase 2)



Source: Wood Mackenzie

PT Pertamina Geothermal Energy is the main player in the geothermal industry in Indonesia. The other players include PT Geo Dipa Energy, Chevron, Star Energy, Supreme Energy, Bumigas Energi and PT Medco Energi Internasional Tbk ("Medco Energi"). Until 2011, Pertamina was involved in all existing geothermal plants in Indonesia either through their own operations or jointly with other partners. However, Pertamina transferred its ownership in PT Geo Dipa Energy to the Government in 2011. With this transfer, PT Geo Dipa Energy is expected to be a competitor to Pertamina for the allocation of geothermal working areas and projects in future.

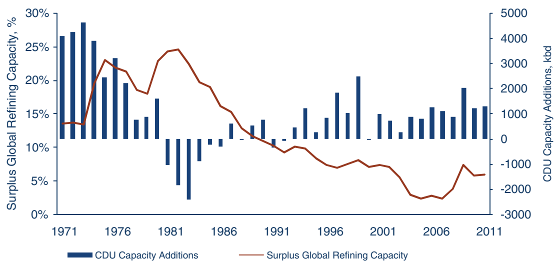
Despite recent ministerial decree on compulsory Power Purchase Agreement from PLN, Wood Mackenzie has not seen much progress with the geothermal projects. Wood Mackenzie understands that independent power producers are still concerned as not all licenses have government guarantees. The Government guarantee is applicable only for the geothermal projects in Crash Build II programme. Considering a lead time of minimum 5 years, Wood Mackenzie expects delays in the geothermal project development in Indonesia.

Downstream Industry Overview

Global and Regional capacity

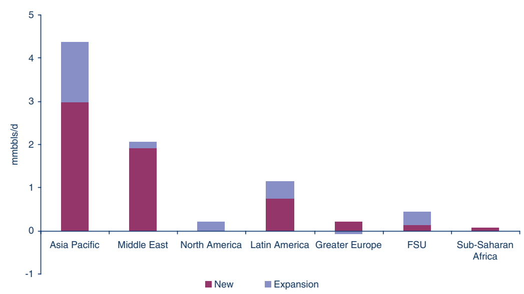
Global refining capacity grew strongly during the 1970s with the expectation of continued strong oil demand growth. However, a large surplus of capacity developed as oil demand fell due to the oil price shocks during the decade. The large surplus of capacity persisted for many years leading to global industry rationalization and an extended period of poor refining margins.

Surplus global refining capacity, 1971 to 2011



Source: Wood Mackenzie, BP Statistical Review, IEA

Planned refinery capacity additions, 2012 to 2017



Source: Wood Mackenzie

The period from 2004-2008 saw a sharp reduction in the amount of spare refining capacity and led to a sustained period of strong global refining margins. The combination of strong refining margins and limited refining capacity led to a surge in refining investments around the world. Capacity was added through a combination of new grassroots refineries being constructed and brownfield expansions and upgrading programs at existing sites. The total amount of potential capacity additions generated concerns about a potential oversupply of refining capacity re-emerging even as demand continued to grow.

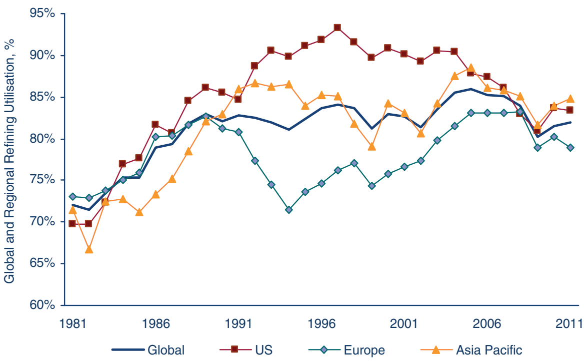
The onset of the recession in 2008 led to the first decline in oil demand in 25 years followed by a larger decline in the following year. Declining demand, combined with significant new capacity becoming available has resulted in an oversupply of refining capacity globally. However, in emerging economies in Asia and the Middle East in particular demand has resumed its upward path and new refining projects continue to be added especially in China and India. Wood Mackenzie forecasts that from 2012 to 2107, more than eight mmbbls/d of capacity will be added globally. The net result of these changes will see Asia and the Middle East increasing its share of global capacity from 39% to 42% between 2012 and 2017.

Global and Regional Utilization Rates

Globally refinery utilization rates were relatively low in the 1980s reflecting the high levels of surplus capacity. As the industry rationalized and demand continued to grow, utilization rates gradually increased. The increase was most pronounced in the U.S. where oil product deficits began to develop in the second half of the 1980s. Strong gasoline demand growth was satisfied through imports and refinery utilization rates remained high. Strong demand growth in Asia fuelled by the economic boom also led to a strong refining market and higher utilization rates. This stimulated a wave of capacity additions which coincided with a period of weaker demand immediately after the Asian financial crisis of 1997. This led to a temporary oversupply and hence lower utilization rates. In Europe, persistent overcapacity combined with sluggish demand growth led to low rates for an extended period.

Utilization rates were higher globally from 2004 onwards. Refineries were run at rates close to maximum sustainable rates in many regions. However, constraints in the refining market were not caused by a lack of crude distillation capacity per se but by a number of factors in the market including more stringent quality specifications, hurricane related outages in the U.S. Gulf Coast ("USGC") and high market demand for middle distillates such as jet fuel and diesel. These factors resulted in bottlenecks in the overall system.

Global and regional refining utilization, 1981 to 2011



Source: Wood Mackenzie, BP Statistical Review, IEA

Utilization rates dropped during the recent recession and recovered slightly in 2010 and 2011. They are expected to remain depressed for some years to come. The exception to this is Asia Pacific where strong demand growth is expected to mop up the surplus capacity and lead to a more favorable refining market environment in a few years time.

Asia Pacific is the world's largest oil demand centre and total oil demand is forecast to grow by 514 million mt from 1,311 million mt in 2011 to 1,858 million mt by 2025. The growth rate during this period averages 2.5% per annum.

The transport sector continues to be the main driver of demand growth in Asia Pacific, contributing to 70% of demand growth over the entire forecast period. Road diesel is forecast to grow 5% per annum between 2011 and 2025, exceeding the pace of gasoline demand growth of over 3% per annum. In aviation and seaborne transport, both aviation jet fuel demand and marine bunker use of fuel oil are forecast to grow about 3% per annum.

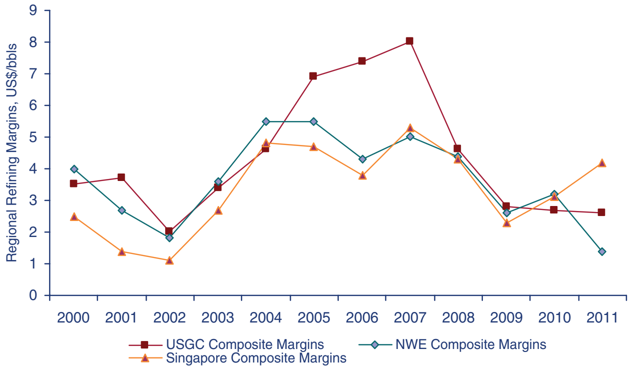
More than 80% of the demand growth between 2011 and 2025 is expected to come from China and India. China currently accounts for 35% of the oil demand in Asia Pacific, and as a result of its strong growth this proportion grows to 42% by 2025. Other sources of demand growth are India, which increases its share from 12% in 2011 to 15% by 2025, and Southeast Asia is expected to maintain its share at 18% in the same period.

Oil demand in OECD Asia (Japan, South Korea, Australia and New Zealand) is generally in decline; both Japan and South Korea are expected to see their share reduced to 9% and 6% by 2025, compared to 16% and 8% respectively in 2011.

Regional Refining Margins

After 2003, strong refining margins transformed the refining sector from an industry of weak returns into one that attracted significant investment. The convergence of a series of factors improved profitability dramatically. Strong demand growth, lagging refinery supply growth (due to a long history of underinvestment) and high crude prices and wide light heavy crude price differentials provided a significant boost to profitability. Furthermore, growing regional product imbalances and product specification changes in many developed markets further stoked the refining boom.

Indicator gross refining margins, 2000 to 2011



Source: Wood Mackenzie

Margins boomed globally but especially in the USGC where the highly complex refineries were best able to capture the exceptionally wide light heavy crude price differentials. The boom ended with the onset of the recession which began in 2008 and resulted in lower margins in 2009 and 2010. Wood

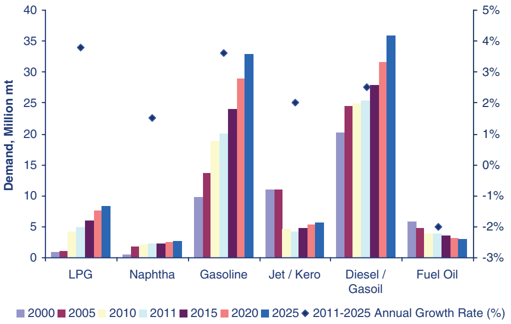
Mackenzie expects a gradual recovery in refining margins globally. In the United States and Europe, Wood Mackenzie expects margins to recover slowly as demand recovers and older, weaker facilities are retired. In Asia, although margins are temporarily suppressed due to significant new capacity additions, Wood Mackenzie expects a robust recovery in margins.

Indonesia Downstream Overview

Oil Products Demand

Total demand has increased only slightly from 62 million mt in 2005 to 63 million mt in 2010, as growth in the transport sector has been mostly offset by lower demand in the industry sector. From 2011 through to 2025, demand is expected to increase by 2.6% per annum to reach 96 million mt, driven principally by growth in the transport sector and, to a lesser degree, the residential sector, although uses of oil in power generation are expected to decline.

Indonesia oil demand by product (Projected)

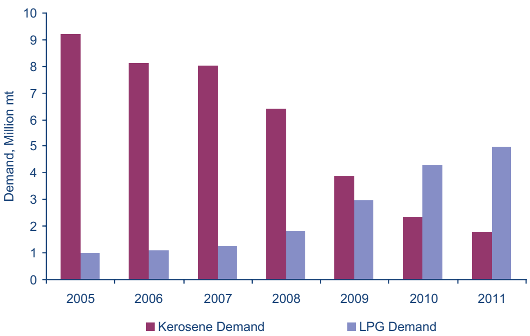


Source: Wood Mackenzie

LPG Conversion Program

Kerosene is widely used as a major subsidized fuel for household cooking in Indonesia. However, the significant run-up of oil prices globally since 2004 prompted the Indonesian government to review the kerosene subsidy. The kerosene conversion program was started in 2006 as the subsidy for LPG is lower than kerosene and consumption for LPG is expected to be lower with its higher calorific value. The program has generally been considered a success. At the end of 2011, more than 50 million households had converted to LPG and LPG demand has been increasing steadily since the start of the program to reach 5 million mt in 2011, with kerosene demand declining at the same time.

Indonesian LPG and kerosene demand, 2005-2011



Source: Wood Mackenzie

Refining Capacity

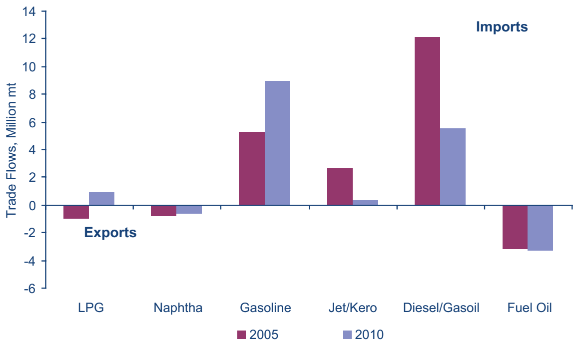
Indonesia has six main refineries, which are owned and operated by Pertamina. They are located on East Kalimantan, Java, Sumatra and West Papua and have a combined installed capacity of 1,031 mbbls/d. The refineries are relatively simple with an average size of 172 mbbls/d (compared to the Asia Pacific average of 146 mbbls/d) and average NCI of 5.4 (compared to the Asia Pacific average NCI of 7.4).

Indonesia has a stated objective to reduce its reliance on imported petroleum products. It aims to meet this objective by increasing domestic products output by increasing refining capacity through expansions at existing sites and the construction of new grassroots refineries.

Imports and Exports

LPG exports have reduced over the years with growing domestic demand due to a shift from kerosene for residential cooking. At the same time, net imports of jet fuel and kerosene have reduced considerably. Indonesia is a large importer of gasoline, diesel and gasoil. Net imports of gasoline have been increasing steadily for many years. Diesel and gasoil imports reached 10.4 million mt in 2008, although they fell back somewhat in 2009 and 2010, as demand declined. Indonesia has been a regular net exporter of fuel oil over the years with an annual export volume of about 5 million mt.

Historical trade flows of refined products, 2005 vs 2010



Source: Wood Mackenzie

Regional Competitive Analysis

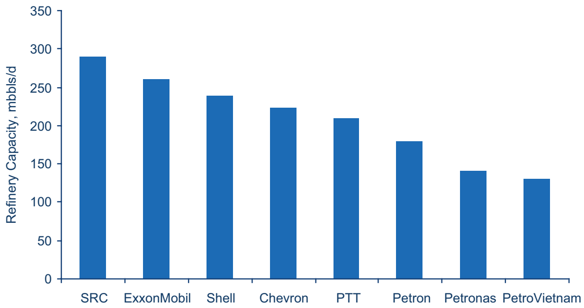
Indonesia's downstream refining segment operates within the highly competitive refining sector of Southeast Asia including regional refiners such as Petronas, PTT, Petron, ExxonMobil, Shell, Chevron, Singapore Refining Company ("SRC") and PetroVietnam.

A number of different measures can be used to compare and benchmark refinery performance both by asset and by company.

- *Size* — refining is capital intensive and large facilities capture scale economies and have lower per unit operating costs. For the same configuration a larger facility would typically be more cost efficient and hence able to capture a higher cash cost margin than a smaller facility.

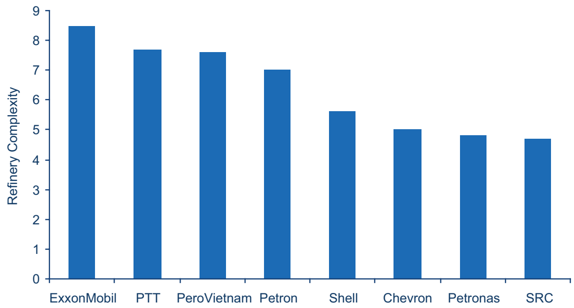
- *Complexity* — a measure of the refineries capability to process feedstocks such as high sulphur crude and convert low value streams such as fuel oil to higher value transportation fuels. A higher complexity means a greater ability to take advantage of lower-cost crude to produce a greater proportion of high value products and hence realize higher gross margins. Typically a complex refiner will realize a higher gross margin compared to a simple refiner under the same market environment.

Average refining capacity by company



Source: Wood Mackenzie

Average refining NCI by company



Source: Wood Mackenzie

Indonesia Marketing Industry Overview

The downstream marketing business in Indonesia is conducted by business entities legally registered in Indonesia that have obtained a business permit from the Ministry of Energy and Mineral resources. Marketing business activities which require business licenses are processing, transportation, storage and trading. Although various business entities have obtained licenses to operate in one or more sectors, Pertamina is the only company which has the full value chain integration in the downstream marketing business as they still own the majority of the downstream infrastructure to process, transport, store and distribute oil products.

Infrastructure

Indonesia comprises more than 17,000 islands with over 900 of those permanently inhabited. Distributing oil products throughout Indonesia is a challenging task due to the vast geographical coverage and the spread of various inland demand areas separated by water bodies and land. In addition infrastructure constraints such as port limitations, limitations on vessel sizes and the location of terminals and inland depots add to the challenge. The supply chain can be long and involve many steps and complex logistics.

For the ease of sales and distribution of refined products, BPH Migas has divided the country into four main regions — WDN I to IV. WDN stand for Wilayah Distribusi Niaga in Bahasa, or commercial distribution area. WDN I is mainly the Sumatra island which has cities such as Medan and Palembang. WDN II is mainly Java island with cities such Bandung and Surabaya, and Bali. WDN III has the biggest geographical coverage which includes the islands of Kalimantan, Sulawesi, Maluku and Irain Jaya. WDN IV is other smaller islands not covered in the three regions above.

Many infrastructure-related assets are needed to support and complete the supply chain. There are seven major ports/terminals which are able to handle ocean going vessels. There are another 114 fuel depots and 54 aviation depots which have smaller storage capacity compared to the terminals. These depots are scattered across the country and can be found near demand areas. In addition, this installed infrastructure is supported by floating storage. Pertamina owns and operates this infrastructure.

With the exception of WDN IV, each of the distribution areas has its own refineries and domestic supply of refined products. The main refineries are Dumai and Plaju in WDN I, Balongan and Cilacap in WDN II, and Balikpapan in WDN III. The local demand is mostly met by domestic supplies. WDN II is the area with very high oil product demand that attracts imports not only from other areas such as WDN I and III but also from outside the country.

Distribution costs can be low due to the existence of pipeline connections to the demand areas or high if the supply chain is long with many steps.

Sales and distribution areas of refined products

Source: MIGAS

There are over 4,000 retail fuel filling stations in Indonesia and almost all of them are Pertamina branded stations. The retail marketing sector is dominated by Pertamina. Well over 90% of retail fuel filling stations in Indonesia are owned and operated by dealers. Pertamina has around 63 company-owned and company-operated stations — it only began this mode of operation in 2005.

Key Players

Indonesia is a key strategic market for many foreign oil companies. International oil companies such as Shell, Chevron, Total etc. have expressed interest to develop and grow their downstream marketing business in Indonesia if it is further deregulated and they are given access to the market.

The liberalization of Indonesia's downstream oil and gas sector has been under discussion for several years. Pertamina maintained its retail and distribution monopoly for petroleum products until July 2004, when the first licenses for retail sale of petroleum products were granted to Shell and Petronas. Shell was the first foreign oil company to enter Indonesia's retail market with the opening of its first station in early 2005. This was followed by Petronas and Total. Although the downstream marketing industry has attracted more players since Pertamina's monopoly over non-subsidized fuels sales was revoked, the progress has been slow to date. Shell currently has around 50 retail fuel filling stations, Petronas has 20 service stations and Total now has 13 stations out of over 4,000 retail stations. Although Pertamina no longer has a monopoly on the downstream sector since the liberalization, it still has close to 100% of the market share for the retail sector.

These service stations built by foreign oil companies are mainly located in Greater Jakarta with a few stations found in Bandung and Medan. Before 2010, they could only sell non-subsidized fuels in their service stations. However, Petronas and AKR were selected to sell a limited volume of subsidized fuels in specific areas in 2010 and 2011. Although the downstream marketing sector has been gradually liberalized, the Government has been doing it in a tightly controlled manner as can be seen from the recent PSO scheme offered to foreign oil companies. It is likely that Pertamina will remain a dominant player for several years because of its infrastructure and market presence.

PSO

Indonesia has experienced major transformation in the management of PSO. In the past, the Government appointed Pertamina exclusively to take the PSO role and monopolize the provision and distribution of the subsidized oil products. Furthermore, the Government provided PSO reimbursement to Pertamina on the basis of cost plus fee.

With the introduction of the Oil and Gas Law of 2001, the Government has set the objective to liberalize the role PSO provides. Although the downstream marketing industry has attracted more players since Pertamina's monopoly over subsidized fuels sales was revoked, the progress has been slow to date. The concern potential players have relates to the predictability of and clarity in the way the governing regulation is implemented. This is very important for such players who would be required to make substantial investments. The government seems to be serious about reducing or taking out as much of the subsidy as possible from the state's budget and there are plans to open the market for subsidized fuel.

In 2010 and 2011, BPH MIGAS awarded licenses for provision and distribution of subsidized oil products to Petronas and AKR.

INDONESIAN REGULATORY FRAMEWORK

Oil and Gas Regulation

Overview

Indonesia's oil and gas resources are deemed to be national assets owned and controlled by the state. Prior to the enactment of the Oil and Gas Law of 2001, oil and gas mining undertakings were controlled by the Government and exclusively carried out by the state petroleum enterprise, *Perusahaan Pertambangan Minyak dan Gas Bumi Negara* (or "PERTAMINA", our Company's legal predecessor), as the sole holder of the "authority to mine" in Indonesian territory. However, PERTAMINA was permitted to cooperate with other parties that were appointed or approved by the Minister of Energy and Mineral Resources to perform its mining undertakings. Investments by any party, foreign or domestic, in oil and gas exploration and production activities in Indonesia were done through a contractual arrangement with PERTAMINA, primarily in the form of production sharing arrangements, which include PSCs, technical assistance contracts ("TACs") and joint operating bodies ("JOBs") (as described in detail below). Under such production sharing arrangements, the oil and gas investor acted as a contractor to PERTAMINA, which held the overall management authority over exploration and production operations.

On November 23, 2001, the Oil and Gas Law of 2001 was enacted, which reformed the oil and gas upstream and downstream sectors in Indonesia by terminating the exclusive rights held by PERTAMINA. Unlike its predecessor law, Law No. 44 of 1960, which did not distinguish between types of oil and gas activities as they were both monopolized by PERTAMINA, the Oil and Gas Law of 2001 categorizes oil and gas activities into upstream and downstream activities. Upstream activities consist of exploration and exploitation of oil and gas resources, while downstream activities encompass processing, transporting, storing and trading of oil and gas.

Pursuant to the Oil and Gas Law of 2001, the oil and gas industry is regulated by the DGOG. The DGOG is responsible for ensuring that oil and gas related business activities in Indonesia are in compliance with oil and gas regulations. The Oil and Gas Law of 2001 also introduced two new governmental bodies, BPMIGAS and BPH MIGAS, which further regulate various aspects of the oil and gas industry and report to the DGOG. BPMIGAS, a non-profit, Government-owned legal entity, is the exclusive holder of the mine concession right in Indonesia and controls and supervises upstream activities on behalf of the Government. The functions of BPMIGAS are, among other things, to:

- provide input to the Minister of Energy and Mineral Resources on his policies in preparing and offering areas of operations;
- provide advice on and execute cooperation contracts;
- review and provide input for the Minister of Energy and Mineral Resources to approve the plan of development for a particular field that will be initially produced within a working area;
- approve the plan of development and work program and budgets;
- monitor cooperation contracts and existing production sharing arrangements and report their implementation to the Minister of Energy and Mineral Resources; and
- appoint sellers for the state's share of oil and gas produced from a working area, with the goal of maximizing benefit to the state.

BPH MIGAS, an independent governmental agency, is tasked with supervisory and regulatory functions over downstream activities in order to ensure the availability and distribution of fuels throughout the Indonesian territory and to promote gas utilization in the domestic market.

Pursuant to the Oil and Gas Law of 2001 and in conjunction with Government Regulation No. 31 of 2003 on the Transfer of Form of *Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina)* to *Perusahaan Perseroan (Persero)*, PERTAMINA was converted into a profit based, state-owned company (*Persero*) in the form of a limited liability company, named PT Pertamina (Persero). Under the terms of the Oil and Gas Law of 2001 and the Upstream Regulation (as defined below), upon the establishment of BPMIGAS, all rights and obligations of PERTAMINA under all production sharing arrangements (but excluding TACs) then existing were transferred to BPMIGAS through novation agreements and BPMIGAS replaced PERTAMINA as the Government party to all such production sharing arrangements. Further, all of the fields that were designated as PERTAMINA's working areas prior to the enactment of the Oil and Gas Law of 2001 were transferred to BPMIGAS by operation of law. BPMIGAS then entered into a cooperation contract with PEP (the upstream subsidiary of our Company) to grant it working interests in all areas formerly designated as PERTAMINA's.

The Oil and Gas Law of 2001 is an umbrella legislation setting forth general principles to be further developed in a series of Government regulations, presidential decrees and ministerial decrees. These include Government Regulation No. 35 of 2004, as amended by Government Regulations No. 34 of 2005 and No. 55 of 2009, on Upstream Oil and Gas Business Activities (the "Upstream Regulation") and Government Regulation No. 36 of 2004, as amended by Government Regulation No. 30 of 2009 concerning Oil and Gas Downstream Business Activities (the "Downstream Regulation"), which implement certain significant aspects of the Oil and Gas Law of 2001.

Upstream

After the implementation of the Oil and Gas Law of 2001, cooperation contracts were introduced to govern the working relationship and sharing of production between the Government and private sector contractors in the Indonesian oil and gas industry. Such cooperation contracts are similar to the production sharing arrangements applicable prior to the implementation of the Oil and Gas Law of 2001. The production sharing arrangements in existence prior to the implementation of the Oil and Gas Law of 2001 will remain in effect until they are terminated on their own terms.

Production Sharing Arrangements

Production sharing arrangements are based on five main principles:

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

Generally, under production sharing arrangements, the operator is required to commit to spending a specified sum of capital to implement a work program approved by the Government. The negotiation of production sharing arrangement terms with potential contractors was handled primarily by the Ministry of Energy and Mineral Resources. Awards of work areas were based on either a competitive tender process and direct offer or whenever relevant under certain circumstances, tender direct offer, and the Indonesian Parliament had to be notified of the production sharing arrangement. Only one working area could be awarded to any one legal entity.

In order to accelerate the increase of domestic production of oil and gas, the Upstream Regulation also provides that in cases of national emergency, with due observance and the benefit of the state, the President may approve requests for certain exceptions under production sharing arrangements and cooperation contracts, such as (i) the offer of participating interest to regional government-owned companies, (ii) the recovery of investment cost and operational cost, and (iii) our Company's payment obligation to the Government.

The President of Indonesia recently issued Presidential Instruction No. 2 of 2012 on Increase of National Oil and Gas Production ("Presidential Instruction No. 2"). Presidential Instruction No. 2 instructs certain ministries, National Land Office, head of BPMIGAS, governors, mayors, heads of regency to take necessary, coordinated and integrated measures to support the government's plan to increase the national oil and gas production at least 1.01 million barrel per day in 2014. Under Presidential Instruction No. 2, BPMIGAS has certain obligations, among others (i) to complete the process approvals for plan of development, work program and budget, authorization for expenditure within a certain period set out under Presidential Instruction No. 2, after submission by a contractor under a PSC; (ii) to complete procurement of goods and services within certain days as set out under Presidential Instruction No. 2; (iii) to increase the efficiency of operational and optimize production facilities; and (iv) to optimize suspended wells.

Set out below are the most common types of contracts in the Indonesian oil and gas sector:

PSCs

PSCs were the primary production sharing arrangement used prior to the Oil and Gas Law of 2001 to award contractors the rights to explore for oil and gas reserves prior to commercial production. PSCs were awarded for a term specified by contract, subject to the discovery of commercial quantities of oil and/or gas within a certain period. PSCs created under the prior regulatory framework will remain effective until they are terminated on their own terms. Under a PSC, a contractor is generally required to relinquish specified percentages of the initial contract area by specified dates, except for the areas where oil and gas have been discovered.

BPMIGAS has replaced PERTAMINA as the Government party to all existing PSCs. BPMIGAS is responsible for managing all PSC operations; assuming and discharging the contractor from all taxes, other than Indonesian corporate taxes (including the tax on interest, dividends and royalties); obtaining the required approvals and permits; and approving the contractor's work program, budget and plan of development (except the initial plan of development). The responsibilities of a contractor under a PSC generally include advancing necessary funds and capital expenses related to the project, furnishing technical aid and preparing and executing the work program and budget.

Under each PSC, the contractor and BPMIGAS share the total production in any given period in a ratio agreed between the parties under the terms of that PSC. The contractor generally has the right to recover all funding and development costs, as well as operating costs, against available revenues generated by the PSC after deduction of FTP. Under FTP terms, the parties are entitled to receive a specified portion of total production each year from each production zone or formation, before any deduction for recovery of operating and other costs. The contractor is obligated to pay Indonesian corporate taxes on its specified profit share, including FTP, either at the Indonesian corporate tax rate in effect at the time the PSC is executed or at the prevailing tax rate pursuant to the PSC.

The total of the contractor's share of FTP, production attributable to cost recovery and post-tax profit share represents its net crude entitlement for a given period.

All PSCs in Indonesia are subject to DMO, under which the contractor is required to supply the domestic market at a reduced price with 25% of the contractor's share of total crude oil production under the relevant PSC. This reduced price varies among each PSC, but is in each case calculated at the point of export. Under the prior regulatory framework, DMO did not apply to natural gas production. Under the Oil and Gas Law of 2001, DMO now also applies to natural gas production.

On January 27, 2010, the Government implemented Regulation of the Minister of Energy and Mineral Resources No. 03/2010 ("MR No. 03/2010"). MR No. 03/2010 sets out the Government's policy in relation to the allocation and utilization of natural gas supplied under DMO for domestic consumption and establishes allocation priority towards certain industries, taking into account regional requirements. Such industries include the oil and gas industry, the fertilizer industry and the power industry. The enactment of MR No. 03/2010 does not affect the validity of allocation and utilization obligations pursuant to DMO in existing PSCs.

Prior to the enactment of the Oil and Gas Law of 2001, each PSC contained a right for PERTAMINA to demand from contractors a specified percentage (generally 5% to 10%) of their total rights and obligations under that PSC, which is to be offered to either PERTAMINA or a limited liability company designated by PERTAMINA, the shareholders of which must be owned by Indonesian nationals (the "Indonesian Participation Arrangements" or "IPs"). This right lapses if not exercised by PERTAMINA within three months after contractors notify PERTAMINA of their first discovery of petroleum or gas which can be developed commercially within the contract area. Each cooperation contract executed after the date of enactment of the Oil and Gas Law of 2001 similarly contains a right for BPMIGAS to demand from contractors a specified percentage (generally 10%) of their total rights and obligations under that cooperation contracts, which is to be offered to either a local government-owned company to be designated by the local government within which the contract area is located or an Indonesian national company to be designated by the Ministry of Energy and Mineral Resources.

Upon and in consideration for the exercise of such rights, the party whom the right is exercised in favor of reimburses the relevant contractors for an amount equal to that specified percentage of the sum of the costs incurred up to the date of the transfer under the PSC or the cooperation contract, as the case may be. Such reimbursement includes proportion of the compensation bonus and production bonuses previously paid by the relevant contractors. These amounts are to be paid either directly to the relevant contractors in cash or through production installments, depending on the terms of the relevant PSC or cooperation contract.

On December 20, 2010, the Government issued Regulation No. 79 regarding Cost Recovery and Income Tax Treatment in the Upstream Oil and Gas Business ("GR 79/2010"). GR 79/2010 regulates cost recovery under PSCs or cooperation contracts, supplementing the standard provisions relating to cost recovery set out in such contracts. Under GR 79/2010, certain requirements are established for the reimbursement of operational costs. Among other things, the petroleum operation must be in conformity with the work program and budget approved by BPMIGAS for operational costs to be reimbursable. GR 79/2010 contains transitional provisions permitting provisions in PSCs or cooperation contracts entered into prior to its enactment to remain effective. To the extent that such provisions do not clearly regulate certain matters governed by GR 79/2010, GR 79/2010 will apply to the contract.

The cooperation contracts that have replaced the production sharing arrangements (including PSCs) in existence prior to the Oil and Gas Law of 2001 are also commonly referred to as "production sharing contracts" and share many of the characteristics of PSCs described above. Please see "— Upstream — Cooperation Contracts" for more information on these contracts.

TACs

TACs are another form of production sharing arrangement created under the regulatory framework that preceded the Oil and Gas Law of 2001. TACs were awarded for fields having prior or existing production and are valid for a specified term. The oil or gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on historic production) at the time the TAC is signed. Under a TAC, the non-shareable portion declines annually. The shareable portion corresponds to the additional production resulting from the operator's investment in the field and is further split in the same way as for a PSC. The Upstream Regulation provided that existing TACs remain with PERTAMINA (now PT Pertamina (Persero)) and are not renewable after the expiry of the initial term.

JOBs

JOBs are another form of production sharing arrangement created under the regulatory framework that preceded the Oil and Gas Law of 2001. In a JOB, operations are conducted by a JOB headed by the Issuer and assisted by one or more private sector energy companies through their respective secondees to the JOB. In a JOB, the Issuer is entitled to a specified percentage of the working interest in the project. The balance, after production is applied towards cost recovery and cost bearing as between the Issuer and the private sector participants, is the shareable portion which is generally split in the same way as for an ordinary PSC. Unlike TACs, the Upstream Regulation transferred the rights to operations under existing JOBs from the Issuer to BPMIGAS by law. However, the working interest that was held by PERTAMINA under the JOB was transferred to our Company. JOBs are not renewable after the expiry of their initial term.

Cooperation Contracts

The Oil and Gas Law of 2001 has replaced production sharing arrangements with cooperation contracts. These cooperation contracts can be similar in form to production sharing arrangements, but may be in a different form. Regardless of the form, certain key principles remain the same as the PSCs. For example, title over resources in the ground remains with the Government (and title to the oil and gas lifted for the contractor's share passes at the point of transfer, usually the point of export), ultimate management control is with BPMIGAS, and capital requirements and risks are to be assumed by the contractors. These cooperation contracts are to be entered into with BPMIGAS and thereafter notified in writing to the Parliament. Only one working area will be given to any legal entity. Cooperation contracts can be made for a maximum term of 30 years and can be extended for a maximum of 20 years. Cooperation contracts are divided into exploration and exploitation stage. The exploration stage is for a term of six years, subject to only one extension for a maximum of four years.

The Upstream Regulation reiterates the Indonesian Participation Arrangement obligation in cooperation contracts, although the procedure for, and timing of, offering such an interest has been modified. The Minister of Energy and Mineral Resources has a right to request that a contractor who wishes to sell its participating interest under a production sharing arrangement grant a right of first offer to national enterprises such as regional government-owned companies, central government-owned companies, cooperatives, small scale businesses and Indonesian companies wholly-owned by Indonesians. Under the Upstream Regulation, such an offer must be made on an "arms-length" basis. These modifications are applicable only to the cooperation contracts entered into after the issuance of the Oil and Gas Law of 2001.

Coal Bed Methane

The Upstream Regulation introduced regulations on CBM. CBM is defined as natural gas (hydrocarbon) with methane gas as its main component, naturally brought about in the coalification process in a trapped and absorbed condition in coal and/or coal layers. The Upstream Regulation states that the development of CBM shall be regulated by Ministerial Decree.

On November 12, 2008, the Minister of Energy Mineral Resources issued Regulation No. 36 of 2008 regarding exploitation of CBM (the "CBM Regulation"). The CBM Regulation confirms that CBM is a non-renewable strategic natural resource that constitutes a national asset controlled by the Government. Control over CBM assets is exercised by the Government in the form of mining concessions. The management and development of CBM tracks the regulations in the oil and gas business, while oversight and supervision of CBM activities is centralized in the DGOG. The procedures for the award of work areas of CBM track the same regulations applicable to conventional oil and gas business.

According to the CBM Regulation, there are three areas in which CBM may be exploited:

- an open area;
- a working area of oil and/or gas; and/or
- a concession area of coal with a maximum size of 3,000 km^2.

If the CBM to be exploited is located in an existing working area of oil and/or gas subject to the PSC, the CBM Regulation grants the existing contractors under the PSC first priority in the right to exploit CBM in the CBM. Such contractors must (i) fulfill its commitment to explore for oil and/or gas in such area for the first three years pursuant to the PSC; (ii) perform a joint evaluation of the CBM reserves with the DGOG; and (iii) submit to the DGOG a proposal to acquire interest in such CBM working area.

Geothermal Regulation

The geothermal energy industry in Indonesia was previously regulated under Presidential Decree No. 22 of 1981, as amended by Presidential Decree No. 45 of 1991 (the "Old Geothermal Regulation"). Under the Old Geothermal Regulation, which was based on a "total project" concept, PERTAMINA was authorized to undertake exploration and exploitation of geothermal energy resources, to generate electricity from the geothermal energy, and to sell the geothermal energy and/or electricity produced to PLN and other buyers. Therefore, under the Old Geothermal Regulation, when a contractor under a KSO with Pertamina discovered geothermal energy reserves in a commercial quantity as agreed under the KSO and the electricity sales contract, the contractor was automatically allowed under the KSO to exploit the geothermal energy, generate electricity from such geothermal energy and sell the electricity (or the geothermal energy) to PLN.

The Old Geothermal Regulation was revoked by Presidential Decree No. 76 of 2000 ("PD 76"), and Law No. 27 of 2003 concerning Geothermal Energy ("Law 27"), and as a result, geothermal contractors no longer enjoy the automatic right to exploit discovered geothermal energy reserves and sell the electricity to PLN. Under PD 76, the activities governed by the Old Geothermal Regulation regime was divided into two different business activities: (i) the exploration for and exploitation of geothermal energy; and (ii) the generation of electricity from geothermal energy.

The exploration and exploitation of geothermal energy is regulated by Law 27. In November 2007, GR 59 was enacted to implement Law 27. Each of PD 76, Law 27 and GR 59 states that all cooperation contracts for the exploration and exploitation of geothermal resources executed prior to the effectiveness of each of PD 76, Law 27 or GR 59 shall remain in force until the expiry of such contract. However, if the geothermal working area existed prior to GR 59 and there was no cooperation contract relating to such area or exploitation activity in the working area by December 31, 2014, then the holders of such authority, permit or contract are obliged to return the relevant working area to the Government in accordance with GR 59.

Under Law 27, a legal entity (in the form of a state-owned company, regional state-owned company, cooperative or private legal entity located and conducting its business activities in Indonesia) is required to obtain a Geothermal Utilization License (*Ijin Usaha Pertambangan Panas Bumi*, "IUP") in order to utilize geothermal energy. The IUP may be issued by the minister, governor or mayor/head of regent of a particular area. Geothermal energy utilization is categorized as either direct or indirect utilization. Under direct utilization, geothermal energy is used for a purpose other than generating electricity, such as drying out plantation crops or as a direct energy source for water heaters. Under indirect utilization, geothermal energy is used to generate electricity. Law 27 does not specifically regulate the direct utilization of geothermal energy, which is expected to be the subject of a government regulation to be issued in the future. However, the indirect utilization of geothermal energy in order to produce electricity is specifically governed under Law No. 30 of 2009 on Electricity ("Law 30").

Under Law 30, a company must obtain a business license or an operation license from the Government or applicable regional government in order to supply electricity (which includes the generation, transmission, distribution and sale of electricity). A business license is required for a company that primarily provides electricity to the public, while an operation license is required for a company that sells electricity in excess of its private use to the public. A holder of a business license must (i) provide electric power according to the prevailing quality and reliability standards set forth by the Government, (ii) provide high levels of service to the public and its consumers, (iii) comply with electricity safety regulations, and (iv) prioritize domestic products and labor for use in its business.

Companies wishing to sell their electricity must enter into a power purchase agreement with PLN. In accordance with Law 30, the electricity sales tariff for such sales will be determined by the Government, subject to the approval of the House of Representatives (*Dewan Perwakilan Rakyat*) or determined by guidelines set by the Government, subject to the approval of the Regional House of Representatives (*Dewan Perwakilan Rakyat Daerah*), as applicable for the relevant sales area. In the event that the Regional House of Representatives is unable to determine the electricity sales tariff, then the Government, subject to approval of the House of Representatives, will then determine the electricity sales tariff for the applicable area. Pursuant to Regulation of Minister of Energy and Mineral Resources No. 02 Year 2011 on the Assignment to PLN to Execute Purchase of Electricity from Geothermal Powerplant and Ceiling Price for Electricity Purchase by PLN from Geothermal Powerplant, PLN is authorized to purchase electricity from a geothermal power generator. The decree also stipulates that the highest price for PLN to purchase electricity produced from geothermal energy mining is US$9.70 cent/KWh for the purchase of high voltage electricity.

Downstream

Under the Downstream Regulation, downstream oil and gas business activities include processing, transportation, storage and trading:

Processing

Under the Downstream Regulation, processing is defined as activities carried out to refine crude oil and natural gas, obtaining parts of oil and gas products and improving the quality and the value of crude oil and natural gas to produce fuel oil, gas fuel, processed products, LPG and/or LNG. Field processing is excluded from this definition by the Downstream Regulation as it is considered an aspect of exploration and exploitation activities. Pursuant to the Downstream Regulation, the processing of natural gas into LNG is considered a downstream business activity if it is intended to obtain gain and/or profit and is not the continuation of upstream business activities.

Transportation

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

Storage

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

Trading

Trading covers the purchase, sales, exportation and importation of crude oil, fuel oil, gas fuel and processed products, including trading of natural gas through pipelines.

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

- *General trading (wholesale):* sales, purchase, export and import activities of fuel oil, gas fuel, other fuel and/or processed products on a large scale, by an entity that controls or owns storage facilities and holds a General Trading (Wholesale) Business License, which authorizes the holder to distribute the products to end consumers using a certain trademark used or owned by the holder; and

- *Limited trading (trading):* sales, purchasing, export and import activities of fuel oil, gas fuel, other fuel and/or processed products on a large scale, by an entity that does not control or own storage facilities and holds a Limited Trading Business License, which authorizes the holder only to distribute products to consumers/users that control/own port facilities and/or receiving terminals.

Licenses

Pursuant to the Oil and Gas Law of 2001 and the Downstream Regulation, in order to conduct oil and gas downstream business activities, a business entity must first obtain a business license from the Minister of Energy and Mineral Resources. A business license shall only be granted to a business entity that has complied with all applicable administrative and technical requirements.

In line with the four types of downstream business activities, there are four types of business licenses (each, a "Business License"):

- Processing Business License;
- Transportation Business License;
- Storage Business License; and
- Trading Business License, which is either a General Trading (Wholesale) Business License or a Limited Trading (Trading) Business License.

If a business entity conducts processing activities with transportation, storage and/or trading activities as a continuation of such processing activities, it only needs to obtain a Processing Business License. However, if transportation, storage and/or trading activities are conducted by a business entity other than as the continuation of any processing activities, it must obtain the respective Transportation, Storage or Trading Business Licenses separately.

The ultimate authority to grant Business Licenses belongs to the Minister of Energy and Mineral Resources, through the DGOG. However, under the Oil and Gas Law of 2001, if oil and gas downstream business activities relate to regional interests, the Minister of Energy and Mineral Resources may consult with the relevant regional government and issue a Business License upon its recommendation. In addition, as provided in the Downstream Regulation, the Minister of Energy and Mineral Resources may delegate its authority to grant a Business License for certain activities to regional governments, related government institution and/or the Investment Coordinating Board of the Republic of Indonesia (*Badan Koordinasi Penanaman Modal*) ("BKPM"). The delegation of authority is undertaken for efficiency and cost reduction purposes. In ascertaining whether to delegate authority, the Minister assesses the capabilities of the relevant business entity as well as factors such as foreign ownership and whether investment facilities are utilized. To date, there has been only one delegation of authority by the Minister of Energy and Mineral Resources to BKPM to, among other things, permit the alteration of certain fiscal facilities (such as duties and tax rates) and certain corporate changes (such as a changes in shareholding and board structure).

PSO

Under the Oil and Gas Law of 2001, the Government is responsible for the distribution of oil and gas products within Indonesia. This obligation is commonly known as the public service obligation.

Prior to the enactment of the Oil and Gas Law of 2001, PERTAMINA was the sole entity allowed to conduct activities pursuant to the PSO. However, after the enactment of the Oil and Gas Law of 2001 and the passage of Presidential Regulation No. 71 of 2005, as amended by the Presidential Regulation No. 45 of 2009 on the Supply and Distribution of Certain Type of Oil, a business entity can be appointed by the Government to conduct activities pursuant to the PSO by a direct appointment or through a tender process. In conducting the PSO, the relevant business entity is prohibited from exporting certain types of oil products that are required to be supplied and distributed for PSO purposes as long as domestic demand has not been met. However, such business entity may import, subject to the approval from the Minister of Trade, such oil products if the domestic production is not sufficient to fulfill the demand in Indonesia.

The appointment of the legal entity to supply certain types of oil to fulfill the domestic demand is regulated under Decree of BPH MIGAS No. 09/P/BPH MIGAS/XII/2005, as amended with Decree of BPH MIGAS No.18/P/BPH MIGAS/V/2009 on the Appointment of the Legal Entity to Supply and Distribute Certain Type of Oil. Under this decree, the appointment of the business entity can be conducted either directly or through a tender process. The appointed business entity must meet the following criteria:

- it must have a General Trading (Wholesale) Business License of Certain Types of Oil Fuels (*Ijin Usaha Niaga Umum Jenis BBM Tertentu*) for each of the specific types of refined oil products it will sell as well as a Business Registration Number (*Nomor Registrasi Usaha*);

- it must have an agreement with a distributor for the PSO products who has obtained a Distributor Registration Number (*Nomor Registrasi Penyalur*);

- it must own and/or control the storage, transportation and sales facilities required to supply the specified quantity for the designated area;

- it is fully operational and conducts provision and distribution activities in at least two commercial distribution areas (*Wilayah Distribusi Niaga*);

- it has operational reserves in the storage tanks located in Indonesia and is able to maintain fuel supplies through storage, transportation and selling facilities owned by it within its designated area;

- it has and/or owns a distribution network within its designated area;

- it has financial and commercial ability to carry out its obligations under the PSO;

- it has financial statements audited by an independent public accountant; and

- it has complied with the terms and conditions stipulated by BPH MIGAS.

The appointment of the PSO distributor will be set forth in a decree by BPH MIGAS, which will specify the following information: the rights and obligations of the appointed business entity; the term of appointment; the volume and type of refined oil products to be distributed; the price threshold, being the monthly calculated price based on the average MOPS for the previous month plus a fixed margin as determined by the Minister of Energy and Mineral Resources; the regulated retail price, being the price for the relevant products at the point of delivery as determined by the Minister of Energy and Mineral Resources; payment procedures; the area designated; assignment of rights and obligations; and force majeure conditions.

Based on Presidential Regulation No. 15 of 2012 on the Retail and Consumer User of Certain Type of Oil Fuels Prices ("Presidential Regulation No. 15"), the retail price of fuel (kerosene, gasoline (RON 88) and gas oil) is determined by the government by taking into consideration the national policies on energy and state budget, which may be increased or decreased as the case may be. Pursuant to Presidential Regulation No. 15, the regulated retail price for certain consumers has been fixed as Rp. 4,500 per liter for gasoline (RON 88) and gas oil and Rp. 2,500 per liter for kerosene.

Indonesian Regulation of Offshore Borrowings

Pursuant to Presidential Decree No. 39/1991, we are required to obtain prior approval from the PKLN Team to receive offshore borrowings and must submit periodic reports to the PKLN Team. However, the decree does not stipulate either the time frame or the format and the content of the periodic report that must be submitted. Under Presidential Decree No. 59/1972, dated October 12, 1972 ("PD 59/1972"), we are required to obtain approval from the Minister of Finance of Indonesia and report the particulars of our offshore commercial borrowings to the Minister of Finance of Indonesia and Bank Indonesia, on the acceptance, implementation, and repayment of principal and interest. In practice, this approval from the Minister of Finance under PD 59/1972 is considered to have been obtained when approval from the PKLN Team is received because the Minister of Finance is a member of the PKLN Team. Ministry of Finance Decree No. KEP-261/MK/IV/5/1973 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 this PD 59/1972, further sets forth the requirement to submit periodic reports to the Minister of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period.

According to Bank Indonesia Regulation No. 12/24/PBI/2010 dated December 29, 2010 and further implemented by the Circular Letter of Bank Indonesia No. 13/1/DInt dated January 20, 2011, any persons, legal entities or other entities domiciled in Indonesia or planning to be domiciled in Indonesia for at least one year who obtain offshore commercial borrowings or issue debt securities must submit reports to Bank Indonesia. These reports consist of the main data report and the monthly realization data report. The main data report must be submitted to Bank Indonesia no later than the tenth day of the month following the signing of the loan agreement or the issuance of the debt securities, and a monthly realization data report must be submitted to Bank Indonesia between the first and the tenth day of each month, until the offshore commercial borrowing has been repaid in full.

We have been advised by our Indonesian legal advisor, Ali Budiardjo, Nugroho, Reksodiputro, that any failure to submit the required reports will subject us to certain administrative sanctions in the form of fines.

Further, Bank Indonesia has also issued Bank Indonesia Regulation No. 12/1/PBI/2010 dated January 28, 2010, which regulates offshore borrowing for companies other than banks, to replace Bank Indonesia Regulation No. 10/7/PB1/2008. Bank Indonesian Regulation No. 12/1/PBI/2010 is implemented by the Circular Letter of Bank Indonesia No. 12/37/Dint dated December 23, 2010. Under this regulation, in the event the Issuer intends to obtain a long term offshore borrowing in foreign currency and/or Rupiah, it will be required to submit a report on its plan to Bank Indonesia (not later than March 10 of each year) which consists of its (i) financial ratios, (ii) financial statement, (iii) a rating assessment (in the event that the Issuer has a rating assessment), (iv) an offshore commercial borrowing plan for one year and (v) the result of risk management analyses made by the Issuer.

After obtaining a long term offshore borrowing, the Issuer is required to submit a correct and complete report to Bank Indonesia every six months (not later than June 10 and December 10 of each year) which consists of financial ratios and its financial statements.

Failure to submit such reports will subject the Issuer to certain administrative sanctions in the form of warning letters and/or notification to the relevant authority.

According to Bank Indonesia Regulation No. 13/15/PBI/2011 dated June 23, 2011, regarding the Monitoring of Foreign Exchange Activities of Non-Bank Institution, as implemented by the Circular Letter of Bank Indonesia No. 13/21/DSM regarding the Reporting of Foreign Exchange Activities of

Non-Bank Institution, any non-bank institution (including state-owned enterprises, such as the Issuer) which carries out foreign exchange activities must submit an accurate report to Bank Indonesia in a timely manner. The report must be submitted online (or in any other way offline if there is a technical problem), to Bank Indonesia, on a monthly basis, no later than the tenth day of the following month (starting from August 2012 for foreign exchange activities conducted on July 2012). Foreign exchange activities reports are also required to cover trade transactions of goods and services and other transactions between residents and non-residents as well as positions held and changes in offshore financial assets and/or liabilities. Any failure by the Issuer to submit the required report will subject the Issuer to certain administrative sanctions in the form of fines.

In 2011, Bank Indonesia issued Bank Indonesia Regulation No. 13/20/PBI/2011 regarding the Receipt of Foreign Exchange from Export Proceeds and Withdrawal of Offshore Borrowing Foreign Exchange ("PBI No. 13/20") and Bank Indonesia Regulation No. 13/22/PBI/2011 regarding the Reporting Obligation of Withdrawal of Offshore Borrowing ("PBI No. 13/22"). Under these regulations, any offshore borrowing in the form of cash originated from (i) a non-revolving loan agreement that is not for refinancing purposes, (ii) any difference between the refinancing facility amount and the original facility amount and (iii) offshore debt securities in the form of bonds, medium term notes, floating rate notes, promissory notes and commercial paper, must be withdrawn by the debtor through a bank appointed by Bank Indonesia to conduct foreign exchange banking activities (each an "Onshore Account") .

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

Any withdrawal of the above-mentioned offshore borrowings will have to be reported to Bank Indonesia on the first to tenth day of the following month accompanied with any supporting documents evidencing that the withdrawal has been made through an Onshore Account. If the amount of the offshore borrowing is equal to the amount of loan(s) that will be refinanced, the debtor will be exempted from the reporting obligations under PBI No. 13/20 and PBI No. 13/22. If there is any discrepancy between the proceeds of the offshore borrowing and the facilities to be refinanced, the debtor will not be exempted from such reporting obligations.

The withdrawal of an offshore borrowing arising out of an offshore borrowing agreement executed before January 2, 2012 does not have to be made through an Onshore Account. The requirement to withdraw an offshore borrowing through an Onshore Account will however also apply to any amendments of principal offshore borrowing amounts dated after January 2, 2012 which relates to offshore borrowing agreements executed prior to January 2, 2012.

The following sanctions apply to failures to comply with the requirement under PBI No. 13/20 and PBI No. 13/22:

(a) if the debtor does not withdraw the offshore borrowing through an Onshore Account, the debtor shall be subject to administrative sanctions in the form of penalties amounting to Rp. 10 million for each non-compliant withdrawal of the offshore borrowing. The sanctions will only take effect as of July 2, 2012; and/or

(b) if the debtor is late in submitting the report of the offshore borrowing withdrawal as well as the supporting documents on the tenth day of the month following the offshore borrowing withdrawal, the debtor is subject to administrative sanctions in the form of penalties amounting to Rp. 100,000 for each day of delay, up to a maximum penalty of Rp. 10 million. The debtor will be deemed to have failed to submit the report if it is submitted more than six months after the deadline and shall be subject to administrative sanctions in the form of penalties of Rp. 10 million. This sanction will take effect for offshore borrowing withdrawals from June 2012.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations and decrees. In 2009, the New Environmental Law was issued, replacing the previous regulatory framework. However, the previous regulations, Regulation of the State Minister of Environmental Affairs No. 11 of 2006 on businesses and/or action plans which must be completed with AMDAL ("Regulation 11") and Decree of the MEMR No. 1457 K /28/MEM/2000 on "Technical Guidelines for Environmental Management in the Field of Mining and Energy" ("Decree 1457") are still applicable as long as they do not conflict with the New Environmental Law. There are some implementing regulations in respect of the New Environmental Law that have been issued, particularly with respect to AMDAL, i.e. (i) Minister of Environment Regulation No. 13 of 2010, which was enacted on May 7, 2010 ("Regulation 13"), which regulates activities that do not require an AMDAL and (ii) Government Regulation No. 27 of 2012 on Environmental Permit (*Izin Lingkungan*) ("Regulation No. 27"). Regulation No. 27 was enacted on, and has been into force as of February 23, 2012 and revokes the previous Government Regulation No. 27 of 1999 on AMDAL.

Regulation 11 and Decree 1457 stipulate, among other matters, that companies whose operations have an environmental or social impact must obtain and maintain an AMDAL document if it meets certain environmental thresholds. The AMDAL document consists of the terms of reference on environmental impact analysis (*Kerangka Acuan Analisis Dampak Lingkungan*), an environmental impact analysis (*Analisis Dampak Lingkungan*), an environmental management plan (*Rencana Pengelolaan Lingkungan*) and an environmental monitoring plan (*Rencana Pemantauan Lingkungan*). If a company has an environmental or social impact but does not reach the threshold where an AMDAL document is required, under Decree 1457 and Regulation 13, a UKL and a UPL must be prepared by the company. However, if the activity does not need an AMDAL, a UKL or a UPL, then the company must execute a letter to commit to the management and supervision of the environment (*Surat Pemyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup*), as required under the New Environmental Law and Regulation 13. Pursuant to the New Environmental Law, any company which obtains an AMDAL, a UKL or a UPL must also submit an application to obtain an environmental permit (*Ijin Lingkungan*), which is issued by the State Ministry of Environmental Affairs, Governor, or mayor/head of regent (in accordance with their respective authorities). The granting of this permit is based on either (i) an environmental feasibility study carried out by an independent third party, which is approved by the AMDAL Assessment Commission (*Komisi Penilai Amdal*), the State Minister of Environmental Affairs, the Governor or mayor/head of regent, as appropriate or (ii) a recommendation in a UKL and UPL issued by the appropriate government or regional government institution responsible for the environmental management and control of the applicable area.

The New Environmental Law stipulates that within two years after its enactment date on October 3, 2009, all businesses that have business licenses, but do not have an AMDAL document or a UKL and a UPL, are obligated to either carry out and complete an environmental audit, if they need an AMDAL, or to prepare an environment management document, if they need a UKL and a UPL. Furthermore, the New Environmental Law obliges businesses to integrate their current environmental management permits (for example, the Toxic and Hazardous Management Permit (*Izin Pengeololaan Limbah B3*), Waste Water Disposal to Sea Permit (*Izin Pembuangan Air Limbah Ke Laut*) and Waste Water Disposal to Water Resources Permit (*Izin Pembuangan Air Limbah Ke Sumber Air*)) issued by either the minister, governor or mayor, into an environmental permit within a year of the enactment of the New Environmental Law. The environmental permit is required for a business license to be obtained.

Based on the New Environmental Law, remedial and preventative measures and sanctions (such as the obligation to rehabilitate the working areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) may also be imposed to remedy or prevent pollution caused by the operations of a company. The sanctions range from one to 15 years of imprisonment for company management and/or fines ranging from Rp. 500 million to Rp. 15 billion. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas.

The New Environmental Law also requires licensing of all waste disposal, storage and handling activities. Waste disposal may only be conducted in specified locations determined by the State Minister of Environment. Waste water disposal is further regulated by Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control. This regulation requires responsible parties to submit reports regarding their disposal of waste water detailing their compliance with the relevant regulations. Such reports are to be submitted to the relevant mayor or regent, with a copy provided to the State Minister of Environment, on a quarterly basis.

Regulation No. 27 provides that activities that are subject to AMDAL or UKL and UPL will require an environmental permit. Regulation No. 27 also requires an application for an updated environmental permit to be submitted if there is any, among other things, (a) change of usage of the production machines that affect the environment, (b) increase in production capacity, (c) change in the facilities of the business and/or activity and (d) change in the operational period of the business and/or activity. Regulation No. 27 further provides that all existing environmental documents/licenses issued prior to Regulation No. 27 remain valid and will be treated as the environmental permit.

The activities of storing and collecting used lubricant oil is further regulated by the Decree of the Head of the Regional Environmental Impact Controlling Agency (*Badan Pengendalian Dampak Lingkungan Daerah*) No. 255 of 1996 on the Procedure on the Storing and Collecting of Used Lubricant Oil, which provides, among other things, that an entity which collects used oil for further use or processing must comply with certain requirements, including obtaining a license; meeting certain specifications with regard to the buildings where used oil is to be stored; setting up a standard procedure for the collection and distribution of used oil; and submitting quarterly periodic reports with regard to these activities.

Other regulations, including Government Regulation No. 18 of 1999, as amended by Government Regulation No. 85 of 1999 on the Management of Hazardous and Toxic Waste Materials and Government Regulation No. 74 of 2001 on the Management of Hazardous or Toxic Materials relating to the management of certain materials and waste must be also observed. Flammable, poisonous or infectious waste are subject to these regulations unless the company can prove scientifically that it falls outside the categories set forth in such regulation. These regulations require a company that uses such materials or produces waste to obtain a license from the State Minister of Environment or other environmental governmental institutions in order to store, collect, utilize, process and/or stockpile such waste. If a company violates the regulations relating to such waste, this license may be revoked and the company may be required to cease operations.

BUSINESS

Overview

We are a fully integrated national oil, gas and geothermal company, wholly-owned by the Government and headquartered in Jakarta, Indonesia. We have an operating history of more than 54 years. We were established on December 10, 1957 and became an Indonesian limited liability company in 2003.

We are engaged in a broad spectrum of upstream and downstream oil, gas, geothermal, petrochemical and other energy operations. Our lines of business are organized into upstream and downstream sectors in accordance with Indonesian oil, gas and geothermal regulations. In the upstream sector, we engage in the exploration (the search for oil, gas and geothermal energy), development (the drilling and bringing into production of wells in addition to the discovery wells in a field) and production and supply of crude oil, natural gas and geothermal energy in Indonesia and internationally. In the downstream sector, we carry out refining, marketing, distribution and trading of crude oil, natural gas, refined fuel products and petrochemical and other non-fuel products such as green coke, including products for retail, industrial and aviation uses. We are also mandated by the Government to distribute subsidized fuel in Indonesia and to assist in its efforts to encourage the use of LPG as a substitute for kerosene in Indonesian households under the kerosene conversion program.

As of December 31, 2011, our total net proved oil and gas reserves were an estimated 3,200.3 mmboe and our total net proved plus probable oil and gas reserves were an estimated 4,355.9 mmboe. We have one of the largest oil and gas reserve bases in Indonesia and have the largest number of exploration and production blocks and the most own-operated work area acreage across Indonesia among all oil and gas companies, with a total net acreage of 138,611 km^2 as of December 31, 2011.

In 2011, we were one of the largest oil and gas producers in Indonesia, with a total daily oil and gas production of 457.6 mboe/d. We also have significant geothermal resources and an extensive distribution network of gas pipelines. We have a portfolio of six refineries with total refining capacity of 1,031 mbbls/d and significant downstream assets and infrastructure, including fuel stations, fuel depots, LPG filling plants, aviation fuel depots, lube oil blending plants and tankers.

Prior to September 2003, we also regulated all aspects of the oil, gas and geothermal industry on behalf of the Government. Under the Oil and Gas Law of 2001, BPMIGAS and BPH MIGAS were established to regulate the upstream and downstream sectors of the Indonesian oil and gas industries, respectively, and we transferred our regulatory responsibilities to BPMIGAS and BPH MIGAS when we became an Indonesian limited liability company in October 2003. Following the enactment of the Oil and Gas Law of 2001, we have restructured our business into upstream and downstream sectors operated through separate subsidiaries. See “Corporate Structure” and “Relationship with the Government — History” for details of our history and corporate structure.

For the fiscal years ended December 31, 2011, 2010 and 2009, we had consolidated sales and other operating revenue of Rp. 589,765.9 billion (US$65,038.1 million), Rp. 432,049.5 billion and Rp. 365,347.1 billion, respectively. For the fiscal years ended December 31, 2011, 2010 and 2009 we had an income for the year of Rp. 20,525.7 billion (US$2,263.5 million), Rp. 16,785.1 billion and Rp. 16,088.1 billion, respectively.

Business Strengths

The Only Fully Integrated Indonesian Oil and Gas Company

We are the only fully integrated Indonesian oil and gas company, and we have a leading market position in both the Indonesian upstream and downstream markets, providing for full integration across the oil and gas value chain.

Leading upstream oil and gas player in Indonesia. We have one of the largest oil and gas reserve bases in Indonesia, with estimated total net proved oil and gas reserves of 3,200.3 mmboe and estimated total net proved plus probable oil and gas reserves of 4,355.9 mmboe, as of December 31, 2011. Based on our 2011 daily production, we were among the largest oil and gas producers in Indonesia, with a total daily oil and gas production of 457.6 mboe/d. We have the largest number of exploration and production blocks and the most own-operated acreage in Indonesia, with a total net acreage of 138,611 km^2 as of December 31, 2011.

Dominant oil refining, marketing and trading company in Indonesia. Our comprehensive downstream portfolio significantly complements our upstream strengths. We are the dominant refining company in Indonesia, and we own and operate six refineries with a combined processing capacity of 1,031 mbbls/d. We also currently enjoy a near-total market share in the domestic fuel storage, transportation, marketing and distribution markets and have a near total market share of Indonesia's retail filling station network, through direct ownership and long-term franchise arrangements.

Strategically Positioned in a Fast Growing Domestic Energy Market

Energy demand in Indonesia is projected to grow from 210 million mt of oil equivalent to 379 million mt of oil equivalent over the next 15 years, largely because it is one of the lowest consumers of energy per capita within Southeast Asia. Indonesia is currently a net importer of crude oil and refined products, and to meet the escalating demand, based on current domestic output capacity, oil imports are expected to grow significantly. At the same time, the Government has stated its intention to decrease oil imports. We see this as a significant opportunity for growth, which we intend to meet by increasing our oil and gas production capabilities through upstream expansions and acquisitions.

In particular, gas demand in Java is expected to substantially exceed supply. This shortfall can be remedied by pipeline gas and LNG from Sumatra and Kalimantan, areas where we own large acreage and reserves, and where our sizable gas fields in South Sumatra (Pagar Dewa), West Java (Cirebon) and East Java (Cepu) are located.

Our industry consultant, Wood Mackenzie, expects Indonesia's GDP to double from US$291 billion (in real terms) in 2011 to US$556 billion by 2025. Wood Mackenzie expects this to be supported by an increase of 31 million in population size from the current population of 233 million. According to Wood Mackenzie, domestic demand for oil and gas is projected to increase by 65% by 2025, and the sector is expected to remain a significant driver of Indonesia's economic growth. Currently, a large proportion of Indonesia's population resides in rural areas and remain unconnected to the power grid. With increasing wealth in Indonesia, the population is likely to switch from other solid fuels to commercial sources of energy such as LPG and electricity, further sustaining total energy consumption.

Based on our presence across Indonesia and our reserves base, we are strategically positioned to meet growth in demand.

Sustained Growth from Significant Reserves, Extensive Infrastructure Network and Proven Management Track Record

We have one of the largest oil and gas reserve bases in Indonesia. We expect our portfolio to not only provide for production longevity but also to serve as a solid foundation for production growth. We expect that our production growth potential will be primarily driven by oil development projects in Pondok Tengah and Cepu, gas development projects in Matindok, South Sumatra and Java, strategic domestic and international acquisitions and enhanced oil recovery projects at existing mature oil fields. In addition, we have an estimated 1,130 MW of proved plus probable geothermal reserves, which we expect to drive significant increases in our geothermal production.

We have maintained our leading position and market share in the oil refining, marketing and trading sectors in Indonesia, notwithstanding recent Government initiatives to liberalize the downstream sector, due to our extensive distribution network and supporting infrastructure. We believe that this gives us a substantial advantage over both our domestic and international competitors. For example, we are currently among the largest refiners in Southeast Asia and the dominant refiner in Indonesia, and in 2011, our refineries supplied approximately 58.3% of domestic fuel demand. We intend to expand our refining capacity to between 1,431 and 1,631 mbbls/d by the end of 2019, a growth of between 38.8% and 58.2% from 2011, and to increase the number of fuel stations owned and operated by us.

We have over 54 years of operational history, and our management team and staff have a proven track record and extensive expertise in operational, engineering, technological, commercial, and financial matters. Our long operating history in the region has given us a level of institutional knowledge of and experience in the Indonesian market that is difficult for our competitors, international or domestic, to match. Our management has also gained significant expertise and knowledge through our 40-year history of strategic alliances and partnerships with major international oil and gas companies such as ExxonMobil, Shell and BP.

Robust Financial Profile

We have robust cash generating abilities, which have supported our operating margins and allowed us to achieve strong financial ratios. We have consistently generated EBITDA levels of over US$3.5 billion (with EBITDA of US$5.2 billion in 2011) and maintained stable EBITDA margins in the past three years, despite recent volatility in oil and gas prices. Our stable and strong cash flows are based on long-term contracts for the sale of oil, gas and refined products as well as steam and electricity to a diverse group of domestic and multinational customers, including PGN, Mitsui Oil and Mitsubishi. For future offtake contracts, we expect to benefit from a strong and growing customer base for production from our substantial Java and Sumatra assets.

Strong Government Support

As a company wholly-owned by the Government, we enjoy strong support from the Government, given the importance of our contribution to domestic revenues and our strategic position in the Indonesian oil and gas sector. For example, our oil and gas PSCs with the Government in general have more favorable terms than PSCs signed by foreign or private domestic oil and gas companies. Under PEP's PSCs, our share of profits before tax is 67.2%, compared to 12% to 33% for oil and 28% to 37% for gas for a typical PSC. In addition, PHE may be nominated by the Government to receive a 10% working interest in PSCs after the first plan of development is approved by the Ministry of Energy and Mineral Resources as PHE is the subsidiary of a state-owned enterprise. The Government's policy of providing us with a right to request to take over any oil and gas block in Indonesia which cooperation contract has expired also allows us to significantly expand our portfolio of domestic upstream assets and to take on attractive new opportunities.

Business Strategy

Our goal is to become a world-class national oil and gas company, and a leading international exploration and production company, capable of competing with global major international oil companies and national oil companies. To achieve this goal, our development strategy, which spans from 2011 to 2026, is based on four parameters.

Size — We intend to be Indonesia's largest upstream and downstream oil and gas company.

In the near term, we aim to become Indonesia's largest upstream oil and gas company. To achieve this goal, we plan to continue to pursue strategic acquisitions, joint ventures and investments, in particular with respect to assets that are in production or advanced stages of development, that will expand our oil, gas and geothermal business, in Indonesia and internationally. See "Business — Pertamina Upstream Business — Upstream Strategy". We also aim to maintain our existing leadership in our downstream businesses by growing and optimizing our refining capabilities, expanding our retail fuel station network and solidifying our market leadership in fuel and gas distribution in Java and Bali. See "Business — Pertamina Downstream Business — Downstream Strategy".

Efficiency — We aim to increase our efficiency and optimize our business operations.

We aim for operational excellence in all of our business activities and intend to consistently achieve above-average efficiency metrics across our operational platform. To achieve this objective, we are focusing on our core businesses and restructuring non-core businesses, streamlining our business processes relating to sales of natural gas and LNG to ensure we obtain optimal pricing, optimizing our upstream assets portfolio and oil recovery activities (see "Business — Pertamina Upstream Business — Upstream Strategy") and improving the efficiency of our refineries (see "Business — Pertamina Downstream Business — Downstream Strategy").

Corporate Governance and Culture — We place a high priority on having a strong corporate governance system and a results-driven culture.

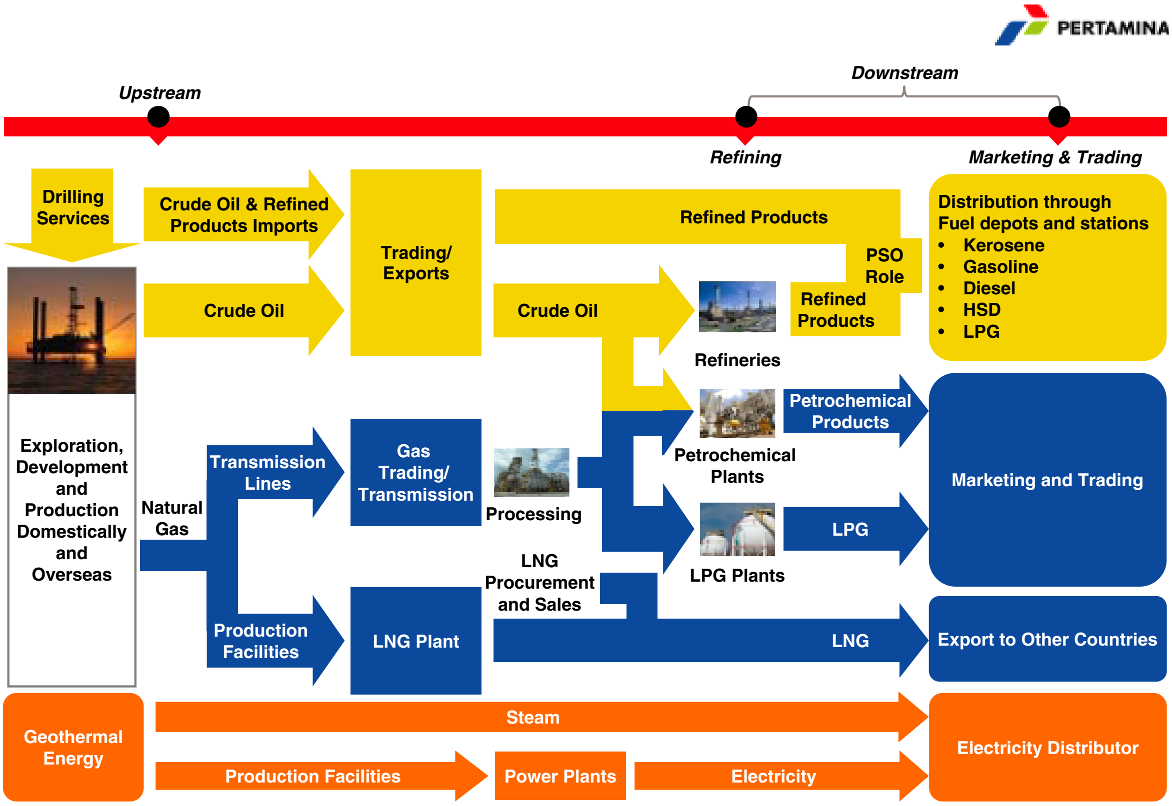
We place a high priority on corporate governance, professionalism, and transparency, and have developed codes of conduct and corporate policies and procedures that are in line with those of our international and public counterparts. We also aim to develop a strong, results-driven corporate culture that demands the highest performance by our management and employees alike. One of our key strategies for achieving this end is through our wide range of training and education programs for our employees. To further our efforts, we are also recruiting and developing high quality managerial and technical teams, with an emphasis on the development of leadership skills.

Positioning — We intend to become a model and a benchmark for other regional companies.

We aim to become the preferred company of our customers, partners and potential employees. We also aim to become one of the most highly regarded companies in Indonesia, setting a solid benchmark for Indonesian oil and gas companies. By implementing international best practices, we believe that we can serve as a standard in terms of capabilities, technology, managerial processes, health, safety and environmental standards and good corporate governance.

Business Flow

The diagrams below illustrate the integration and flow between our upstream, downstream and LNG operations.



We explore for, develop and produce crude oil, natural gas and geothermal energy from our upstream operations. The majority of the crude oil we produce is sent to our refineries to produce various refined products, including kerosene, gasoline, diesel and other products, some of which are sold as subsidized fuel under our PSO mandate. These products are sold through our marketing and trading division to industrial and retail customers. We trade or sell our crude oil that is of unsuitable standards for our refineries and import crude oil to meet any shortfall in the quantity or quality of crude oil required by our refineries. Our crude oil and refined products are transported by our shipping division.

Most of the natural gas we produce is sold directly to our customers using a gas transmission network that we operate and own a significant interest in. We also process some of our natural gas to create petrochemical products and LPG, which are sold through our marketing and trading division to retail or industrial customers. In addition to our natural gas production, we also operate facilities that refine LNG, which we export to customers in other countries.

The geothermal energy we produce in the form of steam is either sold directly to PLN or private third parties or used to generate electricity through our power plants, which is then sold to PLN.

Our integrated supply chain division coordinates the supply of feedstock from our production of crude oil and natural gas to our refineries or, in respect of crude oil of unsuitable quality, for export through our trading operations. Our trading operations also coordinate the supply of imported oil and gas to the extent our own production is insufficient to meet demand from our refineries. In addition, our integrated supply chain division coordinates the distribution of our refined products to our marketing and trading division, as well as the import of additional refined products to meet domestic demand. Our integrated supply chain division also gathers and analyzes oil and gas market information on an ongoing basis to support the prudent management of our inventories.

Pertamina Upstream Business

Overview

Our upstream business manages the exploration, development and production of crude oil and natural gas, the transmission of our natural gas and our geothermal operations. The various subsidiaries and joint ventures that compose our upstream business are overseen by our Upstream Directorate, which is a business unit of our Company.

PEP, our wholly-owned subsidiary, manages the exploration, development and production of crude oil and natural gas from our wholly-owned oil and gas fields, which is comprised of one exploration block containing 160 production fields in an aggregate working area of 138,611 km^2 across Sumatra, Java and Eastern Indonesia. Our exploration block operated by PT Pertamina EP comprises 14 own-operated fields, 28 TACs and 15 KSOs.

PHE, our wholly-owned subsidiary, manages the exploration, development and production of crude oil and natural gas in certain of our partially-owned assets in Indonesia and internationally, which includes 46 exploration and production blocks (consisting of 37 blocks across three regions of Indonesia and nine blocks across six other countries). PHE has also entered into cooperation contracts with various partners for the exploration and development of coal bed methane. The remainder of PHE's blocks consist of nine JOBs and 15 IPs. Outside of Indonesia, we own interests in nine upstream oil and gas blocks in Australia, Iraq, Malaysia, Qatar, Sudan and Vietnam, which are in various stages of exploration, development and production. See "— Description of International Properties" for more details on our oil and gas assets outside of Indonesia.

Additionally, our wholly-owned subsidiary, PT Pertamina EP Cepu manages our oil and gas operations in the Cepu block.

PT Pertamina Gas and PT Pertamina Geothermal Energy, our wholly-owned subsidiaries, manage our natural gas transmission operations and geothermal operations, respectively. In terms of supporting infrastructure, we operate and own an approximate 43% interest in an extensive transmission network comprised of 1,611 km of gas pipelines with a transmission capacity of 7,660 mmcf/d.

As of December 31, 2011, we owned 15 geothermal working areas in Indonesia, covering an area of 22.4 km^2. In our 15 geothermal working areas, we have ten own-operated geothermal projects and five geothermal projects that are jointly operated through KSOs. We have 1,130 MW of estimated proved and probable reserves in our geothermal working areas. For the year ended December 31, 2011, our geothermal projects produced 15,295 mt of steam (or 2,015 GWh in electricity equivalent). See "— Natural Gas Transmission — Geothermal" for more information on our geothermal operations.

Our upstream business also includes support businesses, including our wholly-owned subsidiary, PT Pertamina Drilling Services Indonesia ("PDSI"), which provides drilling services to support our oil and gas and geothermal development activities. See "Corporate Structure" for more information on our material upstream subsidiaries.

As of December 31, 2011, our estimated total net proved oil and gas reserves were 3,200.3 mmboe, consisting of 1,317.9 mmbbls of oil and 10,906.0 bcf of gas, and our total net proved plus probable oil and gas reserves were 4,355.9 mmboe, consisting of 1,802.9 mmbbls of oil and 14,791.5 bcf of gas. For 2011, we had total average daily net oil and gas production of 457.6 mboe/d, consisting of 193.5 mbbls/d of oil and 1,530.4 mmcf/d of gas. See "— Reserves" and "— Production" for more information on our oil and gas reserves and production, respectively.

Upstream Strategy

In our upstream business, our strategy is to continue to pursue strategic acquisitions, joint ventures and investments that will expand our oil, gas and geothermal businesses. In particular, we intend to shift our focus from the acquisition of exploration-stage assets to the acquisition and development of production-stage assets. We plan to selectively pursue international opportunities in locations such as Australia, Africa, Central Asia and the Middle East. We plan to opportunistically pursue strategic alliances and joint ventures, because we believe that by developing oil and gas assets through strategic alliances with experienced international oil and gas companies, we can supplement and strengthen our technical and management capabilities. In addition, we expect to increase our capital expenditures in respect of our existing oil and gas exploration activities, in order to achieve a higher reserve replacement ratio and accelerate project development. Specifically, we are focused on employing enhanced oil recovery activities to increase efficiency and production from existing fields and reactivating idle fields. Finally, we aim to optimize our current producing assets and improve profitability by increasing production volumes and reducing lifting and production costs.

In our geothermal operations, we intend to continue to explore for and develop geothermal resources to meet Indonesia's electricity needs, acquire strategic geothermal KSOs, and construct integrated geothermal power plants. In 2011, we commenced construction of ten geothermal plants with a total installed capacity of 430 MW. In 2011, we resumed development of the long-delayed Karaha Bodas, a 30 MW geothermal plant in West Java, which we expect to start generating electricity in 2014.

Oil and Gas

Our upstream oil and gas operations are conducted through our own operations as well as through joint operating arrangements. We have an interest in 48 blocks world-wide, of which one is own-operated and 47 are operated through partners or third parties via joint operating arrangements.

Our own-operated upstream oil and gas operations are conducted in three regions: Sumatra, centered in Prabumulih; Java, centered in Cirebon; and Kawasan Timur Indonesia (including Kalimantan and Papua), centered in Jakarta.

Reserves

As of December 31, 2011, our total estimated net proved oil and gas reserves were 3,200.3 mmboe, consisting of 1,317.9 mmbbls of oil and 10,906.0 bcf of gas, and our estimated total net proved plus probable oil and gas reserves were 4,355.9 mmboe, consisting of 1,802.9 mmbbls of oil and 14,791.5 bcf of gas. The information on our historical oil and gas reserves in this Offering Memorandum is based on our estimated "net reserves" and, as such, represents our aggregate share of the estimated crude oil and/or natural gas reserves in all blocks or fields or specified areas, attributable to our working interest in such areas, before deducting the share payable to the Government as owner of the reserves pursuant to the terms of the relevant production sharing arrangement, the cost recovery portion and any applicable taxes. "Proved reserves" represent those quantities of crude oil and/or natural gas which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and Government regulations. "Proved developed reserves" are those crude oil and/or natural gas reserves that are expected to be recovered through existing wells with existing equipment and operating methods. "Proved undeveloped reserves" are those reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion. "Proved plus probable reserves" are proved reserves plus those reserves that are unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable.

The oil and gas reserves at our blocks and fields have been estimated by us on the basis of our oil and gas resource management system, which contains procedures for classifying and estimating reserves which are consistent with the SPE 2001 guidelines. Investors should note, however, that different reserves reporting systems employ different assumptions, and that our methodologies for classifying and estimating reserves vary in certain respects from the methodologies and classifications used by oil and gas companies subject to the reporting obligations of the SEC. Investors should also note that although the SPE 2001 guidelines have been replaced by Petroleum Resources Management System 2007, which is seen as the oil and gas industry standard for reserve reporting, we have continued to estimate our reserves using our oil and gas resource management system which is consistent with SPE 2001 guidelines. As a result, because of the impact of such assumptions, identical raw data can produce varying classifications and estimates of reserves. No assurance can be given that the reserve estimates presented in this Offering Memorandum will be recovered at the levels presented. The estimation and evaluation of reserves naturally involves multiple uncertainties. The accuracy of any reserve evaluation depends on the quality of available information and engineering and geological interpretation. Based on the results of drilling, testing and production after the date of this Offering Memorandum, reserves may be significantly restated upwards or downwards. Changes in the price of crude oil and natural gas also affect our reserve estimates because those reserves are evaluated based on prices and costs as of the date of the evaluation. For a description of certain of the risks and uncertainties with respect to our reserve data, see "Risk Factors — Risks Relating to Our Upstream Operations — Our crude oil, natural gas and geothermal reserve estimates are uncertain and may prove to be incorrect over time or may not accurately reflect actual reserve levels, or even if accurate, technical limitations may prevent it from retrieving these reserves".

For instance, the definitions of "proved reserves" and "probable reserves" under our management system varies in certain respects from the definition of "proved oil and gas reserves" used by the SEC, which could cause our reported reserves numbers to be different than if measured based upon the SEC definition.

Rule 4-10(a)(22) of Regulation S-X under the Securities Act defines "proved oil and gas reserves" as follows:

Proved oil and gas reserves. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the rights to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

  (a) the area identified by drilling and limited by fluid contacts, if any; and

  (b) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observations from well penetrations has defined a highest known oil elevation and the potential exists from an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (included, but not limited to, fluid injection) are included in the proved classification when:

(a) successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

(b) the project has been approved for development by all necessary parties and entities, including governmental entities.

(c) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

Rule 4-10(a)(18) of Regulation S-X under the Securities Act defines "probable reserves" as follows:

Probable reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

We are not a reporting company in the United States and so we are not required to report our reserves in accordance with SEC definitions. If we were to become a reporting company in the United States, then our proved and proved plus probable reserves would need to be adjusted to comply with the SEC's reporting standards and the adjustments could be material.

By comparison, the SPE 2001 guidelines define "proved reserves" as those quantities of petroleum (including gas and gas liquids), which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations and "probable reserves" as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves.

We determine the oil and gas reserves for each block and field at the end of each year by taking the previous year's proved plus probable reserve determination (or initial estimate, as the case may be) and adding or subtracting any revisions of previous estimates, subtracting production for the year, then adding extensions and discoveries, acquisitions and divestments and any improved recovery for the year. To determine our total net proved plus probable consolidated oil and gas reserves at the end of each year, we total the oil and gas reserve values for each block as of the end of the year and add any additional reserves attributable to discovery and development and subtract total production for the year. To determine our total net proved consolidated oil and gas reserves at the end of each year, we subtract total probable reserves from the total proved plus probable reserves for the year.

The following table sets forth our estimated aggregate net proved and probable reserves as at the dates indicated and the factors which, over the periods indicated, reduced or increased our estimated aggregate net proved and probable reserves.

	Crude Oil (mmbbls)	Natural Gas (bcf)	Combined (mmboe)
2011			
Total net proved plus probable reserves (as of December 31, 2010)	1,966.5	15,888.7	4,708.9
Revisions of previous estimates(1)	(101.9)	(684.9)	(220.1)
Extensions and discoveries(2)	2.4	81.3	16.4
Acquisitions and divestments	6.6	65.7	17.9
Production	(70.6)	(559.3)	(167.2)
Total net proved plus probable reserves (as of December 31, 2011)	**1,802.9**	**14,791.5**	**4,355.9**
Probable reserves	485.1	3,885.5	1,155.7
Total net proved reserves (as of December 31, 2011)	**1,317.9**	**10,906.0**	**3,200.3**
2010			
Total net proved plus probable reserves (as of December 31, 2009)	1,857.3	14,509.9	4,361.7
Revisions of previous estimates(1)	99.1	156.0	126.0
Extensions and discoveries(2)	62.8	1,644.5	346.6
Acquisitions and divestments	17.4	103.0	35.2
Production	(70.1)	(524.6)	(160.6)
Total net proved plus probable reserves (as of December 31, 2010)	**1,966.5**	**15,888.7**	**4,708.9**
Probable reserves	464.0	5,051.7	1,335.9
Total net proved reserves (as of December 31, 2010)	**1,502.5**	**10,837.0**	**3,373.0**
2009			
Total net proved plus probable reserves (as of December 31, 2008)	1,751.7	13,019.1	3,998.8
Revisions of previous estimates(1)	(148.5)	735.9	(21.1)
Extensions and discoveries(2)	274.0	1,032.0	452.0
Acquisitions and divestments	44.0	225.0	83.0
Production	(64.0)	(502.0)	(151.0)
Total net proved plus probable reserves (as of December 31, 2009)	**1,857.3**	**14,509.9**	**4,361.7**
Probable reserves	475.5	3,881.0	1,145.3
Total net proved reserves (as of December 31, 2009)	**1,381.8**	**10,628.9**	**3,216.3**

Notes:

(1) Revisions of previous estimates represent changes over the course of the periods indicated in previous estimates of reserves, either up or down, resulting from new information normally obtained from development drilling and production activities.

(2) Extensions and discoveries represent additions to proved plus probable reserves that result from (i) extensions of previously discovered fields demonstrated to exist subsequent to the original discovery, and (ii) the discovery of reserves in new fields or new reservoirs in old fields, in each case over the course of the periods indicated.

The following table sets forth our estimated net proved and probable reserves by region as of December 31, 2011.

	Crude Oil (mmbbls)	Natural Gas (bcf)	Combined (mmboe)
Sumatra	886.2	8,146.2	2,292.2
Java	692.7	4,110.7	1,402.2
East Indonesia	216.7	2,519.3	651.5
Overseas	7.4	15.4	10.0
Total	**1,802.9**	**14,791.5**	**4,355.9**

As of December 31, 2011, our net proved plus probable reserves have an estimated average life of 26.1 years and our net proved reserves have an estimated average life of 19.2 years.

Exploration and Development

We are involved in the exploration for and development of oil and gas assets. Our exploration operations include aerial surveys, geological and geophysical studies (such as seismic surveys), drilling of exploration 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 rock formation. The rate at which waves are transmitted varies with the media through which they pass. Seismic surveys can provide either three-dimensional (“3D”) or two-dimensional (“2D”) results, with 3D surveys generally giving a more detailed picture and 2D surveys being able to cover a wider area. The majority of our seismic surveys are 2D surveys, which we use for exploration and development of our onshore fields. We tend to use 3D surveys for our offshore fields or onshore producing fields.

We analyze the seismic data produced from our exploration activities to understand the underground strata in a given field and to form a view as to whether further exploration activity in that field is warranted. The actual existence of any oil or gas must be confirmed, usually by drilling an exploration well. If the exploration well confirms that oil or gas is present (i.e., is “successful”), we may then drill delineation wells to acquire more detailed data on the reservoir formation. Once the presence of oil or gas in commercially recoverable quantities is proved, or the delineation wells are “successful,” development wells may be drilled to prepare for production. A field is considered to be developed when it has a well on it which is capable of producing oil or gas in paying quantities. We may also restore or increase production in producing wells and abandoned wells (wells which are no longer in use).

In 2011, 2010 and 2009, our success rates for our exploration well drilling were 60.0%, 61.0% and 79.0%, respectively.

The following table sets forth the number of exploratory and development wells completed by us on our properties as at the dates indicated.

	As of December 31,		
	2009	2010	2011
Gross exploratory wells drilled[1]	43	36	34
Crude oil	12	6	6
Natural gas	9	8	9
Crude oil and natural gas	13	8	6
Dry[2]	9	14	13
Gross development wells drilled[1]	192	173	187
Crude oil	147	84	98
Natural gas	31	50	21
Crude oil and natural gas	8	39	58
Dry[2]	6	0	10

Notes:

(1) "Gross" wells refer to all exploratory or development wells, as the case may be, without deducting interests of others.

(2) "Dry" wells are exploratory or development wells, as the case may be, incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Exploration and development plans. Currently, we have plans to continue exploration efforts in all of our existing blocks using 2D and 3D seismic surveys and drilling exploration wells and delineation wells in our existing blocks.

Our development program for 2012 through 2014 involves the drilling of approximately 874 development wells. Our basic strategy of field development is to monetize all oil and gas discoveries for early production. We have a similar approach to our construction of facilities by maximizing the usage of readily available materials, equipment and personnel and using simple designs for our production operations.

We have entered into PSCs for the exploration and development of coal bed methane. If we are successful, we intend to commence production of coal bed methane by the end of 2014 which will be distributed domestically in Indonesia. We have also commissioned studies on the exploration and production of shale gas and if these studies are positive, we intend to enter into PSCs to explore and develop working areas for shale gas.

Drilling operations. Our oil and gas and geothermal exploration and development activities require extensive drilling expertise and support. Our wholly-owned subsidiary, PDSI, provides land drilling services, integrated drilling project management and drilling tools to support our onshore drilling activities exclusively at present. Our aim is to expand our drilling operations to support third party and offshore operations in the future. We have a fleet of 36 onshore drilling rigs located across Indonesia. We are currently in the process of investing in direct current electric drills, which are more efficient and environmentally friendly than mechanical drills.

Through PDSI, we are able to provide most of the drilling services needed for our onshore exploration and development activities. The remainder are provided by third-party contractors.

Oil recovery activities. We conduct secondary recovery activities to enhance our existing oil reserves. Our principal method is water flooding, in which water is injected into a reservoir formation to displace residual oil. The water from injection wells physically sweeps the displaced oil to adjacent production wells. We use our own technology and operators to conduct the water flooding. We also reactivate idle fields, if feasible, to further enhance our existing oil reserves.

We are currently exploring the use of carbon dioxide and chemical injections as alternative methods of secondary recovery to further enhance our existing oil reserves.

Description of material Indonesian properties. Our oil and gas activities in Indonesia are primarily carried out through various production sharing arrangements and cooperation contracts, including PSCs, TACs, JOBs, KSOs, IPs and cooperation contracts with various partners for coal bed methane covering 39 blocks. Of our 39 blocks in Indonesia, we have 1,606 wells currently in commercial production. See "Indonesian Regulatory Framework" for a discussion of certain of the terms and conditions of the production sharing arrangements and cooperation contracts under Indonesian law.

Other than PEP, the top four producing blocks are Offshore Northwest Java, West Madura, Tuban and Cepu. The top three fields with the largest oil reserves are the Banyu Urip field in the Cepu block, and the Pondok Makmur fields and Sukowati in the PEP block. The three fields with the largest gas reserves are the Matindok, Gundih and Jambi Merang fields. The following table sets forth certain information regarding our material blocks as at December 31, 2011.

PEP

			Estimated Net Proved and Probable Reserves as at December 31, 2011		Average Net Annual Production for the Year Ended December 31, 2011	
Region	**Working Interest (%)**	**Contract Term**	**Oil (mmbbls)**	**Gas (bcf)**	**Oil (bbls/d)**	**Gas (mmcf/d)**
Sumatra	100.0	September 2005 to September 2035	788.7	6,454.9	54,865.0	600.5
Java	100.0	September 2005 to September 2035	383.4	3,517.4	50,045.0	458.9
Eastern Indonesia	100.0	September 2005 to September 2035	188.2	1,353.0	20,090.0	10.8

PHE

Block	Working Interest (%)	Contract Term	Partners	Estimated Net Proved and Probable Reserves		Average Net Annual Production	
				Oil (mmbbls)	Gas (bcf)	Oil (bbls/d)	Gas (mmcf/d)
Corridor	10.0	December 20, 1983 to December 20, 2023	Conoco Philips (Grissik) LTD (54%) (operator), Talisman (36%)	6.4	650.3	1,068.5	111.4
CPP	50.0	August 9, 2002 to August 9, 2022	PT Bumi Siak Pusako (50%) (operator BOB Pertamina Bumi Siak Pusako)	47.4	—	8,575.3	—
Jabung	14.3	February 27, 1993 to February 27, 2023	Petrochina (Jabung) LTD (42.86%) (operator), Petronas (42.86%)	16.4	117.7	2,547.9	36.5
Jambi Merang	50.0	February 10, 1989 to February 10, 2019	Talisman (25%), Pacific Oil & Gas (25%)	9.3	300.4	1,369.9	32.8
Offshore Northwest Java	53.25	January 1, 1997 to January 18, 2017	CNOOC Offshore Northwest Java Ltd. (36.7205%), Talisman Resources (N.W. Java) Ltd. (5.0295%), Salamander Energy (Java) Ltd (5 %) (operator PHE Offshore Northwest Java)	63.1	313.7	17,068.5	103.3
Offshore South East Sumatera	13.1	September 6, 1998 to September 5, 2018	CNOOC SES Ltd. (65.540900%), KNOC (8.908588%), Talisman (7.483068%), Orchard Group (Salamander 5%)	7.8	44.9	4,520.5	17.6
Ogan Komering	50.0	February 29, 1988 to February 28, 2018	Talisman (OK) LTD (50%)	5.9	23.7	2,246.6	4.7
Senoro Toili	50.0	December 4, 1997 to December 4, 2027	PT Medco E&P Tomori Sulawesi (50%)	21.4	998.7	821.9	3.0
Tuban	50.0	February 29, 1988 to February 29, 2018	Petrochina International Java LTD (25%), PHE Tuban (25%)	19.2	6.6	5,068.5	5.8
West Madura	80.0	May 7, 2011 to May 7, 2031	Kodeco Energy Co LTD (20%)	21.7	231.0	9,315.1	110.2

PT Pertamina EP Cepu

Block	Working Interest (%)	Contract Term	Partners	Estimated Net Proved and Probable Reserves		Average Net Annual Production	
				Oil (mmbbls)	Gas (bcf)	Oil (bbls/d)	Gas (mmcf/d)
Cepu	45.0	September 17, 2005 to September 16, 2035	Ampolex (Cepu) Pte Ltd. (24.5%), Mobil Cepu Ltd (20.5%) (operator), PT Sarana Patra Hulu Cepu (1.1%), PT Petrogas Jatim Utama Cendana (2.2%), PT Asri Dharma Sejahtera (4.5%), PT Blora Patragas Hulu (2.2%)	195.8	38.8	9,625	3.79

Description of International Properties

Our oil and gas activities outside of Indonesia are primarily operated by our joint venture partners. Of our nine international blocks, one block is currently in commercial production. Until the end of 2010, we also had interests in two exploration blocks in Libya. Our interests in the Libyan blocks have expired. We are exploring options to renew our interests in these blocks but have not yet entered into any arrangements to do so.

				Estimated Net Proved and Probable Reserves		Average Net Annual Production	
Block	**Working Interest (%)**	**Contract Term**	**Partners**	**Oil (mmbbls)**	**Gas (bcf)**	**Oil (bbls/d)**	**Gas (mmcf/d)**
Australia							
VIC/L 26, 27 and 28	10.0	From October 7, 2004 (operations may be terminated at the discretion of the parties)	Anzon Australia Pty. (30%), Beach Petroleum Ltd. (30%), Cico Exploration & Production Ltd. (20%), Sojitz Energy Ltd. (10%)	0.3	—	Not in production	
Iraq							
Block 3, Western Desert	100.0	October 20, 2002 to October 19, 2022	—	Undergoing exploration activities		Not in production	
Malaysia							
SK 305, Sarawak	30.0	June 16, 2003 to June 15, 2032	Petronas (40%), PetroVietnam (30%)	2.2	8.6	356	3
Qatar							
Block 3	25.0	October 24, 2007 to October 25, 2032	Wintershall AG (40%), Cosmo Oil (35%)	Undergoing exploration activities		Not in production	
Sudan							
Block 13 Red Sea	15.0	June 2007 to June 2027	CNPC International (Red Sea) Ltd (40%), The Sudan National Oil Corporation (Sudapet) (15%), Dindir Petroleum International (10%), Africa Energy (10%) and Express Petroleum & Gas Co. LTD (10%).	Undergoing exploration activities		Not in production	
Vietnam							
Block 10 and 11.1	10.0	January 8, 2008 to January 7, 2032	Petronas Carigali Sdn. Bhd (40%), PVEP (50%)	4.9	6.8	Not in production	

Production

We are currently one of the largest oil and gas companies by production in Indonesia. In 2011, we achieved total daily oil and gas production of 457.6 mboe/d.

The information on our oil and gas production presented and referred to as "production" in this Offering Memorandum is our "net production" and represents our share of the oil and/or gas production from a block or field, attributable to our working interest before deducting the share payable to the Government pursuant to the terms of the relevant production sharing arrangement or cooperation contract and the cost recovery and any applicable taxes. Our lifting costs include our costs of acquisition of our partners' share of crude oil or gas under the relevant production sharing arrangements or cooperation contract which is based on the global price of crude oil and has risen over the past three years. The following table sets forth our average oil and gas production on a daily basis, our average realized sales prices per barrel of crude oil, average realized sales prices per thousand cubic feet of natural gas, lifting costs per barrel of crude oil and lifting costs per thousand cubic feet of natural gas produced for the period, indicated.

Net Production (Average Daily)

	For the Year Ended December 31,		
	2009	2010	2011
Sumatra			
Crude oil (mbbls/d)	67.6	66.8	66.9
Natural gas (mmcf/d)	621.0	656.5	760.6
Total (mboe/d)	**174.8**	**180.1**	**198.2**
Java			
Crude oil (mbbls/d)	84.7	98.9	98.9
Natural gas (mmcf/d)	704.0	719.6	718.4
Total (mboe/d)	**206.3**	**223.2**	**222.8**
East Indonesia			
Crude oil (mbbls/d)	23.9	25.7	27.4
Natural gas (mmcf/d)	51.0	60.1	48.4
Total (mboe/d)	**32.7**	**36.1**	**35.8**
International			
Crude oil (mbbls/d)	0.2	0.6	0.4
Natural gas (mmcf/d)	—	1.2	3.0
Total (mboe/d)	**0.2**	**0.8**	**0.9**
Total			
Crude oil (mbbls/d)	176.5	192.0	193.5
Natural gas (mmcf/d)	1,376.0	1,437.4	1,530.4
Total (mboe/d)	**414.0**	**440.1**	**457.6**
Average realized sales price of oil (US$ per bbl)	64.20	80.62	110.76
Average realized sales price of gas (US$ per mcf)	3.35	3.53	4.51
Lifting costs of oil (US$ per bbl)	12.12	15.74	17.76
Lifting costs of gas (US$ per mcf)	1.08	1.31	1.43
Lifting costs of oil and gas (US$ per boe)	11.04	13.64	14.74

Sales and Distribution

Crude Oil

Our policy is to maximize usage of our crude oil production as feedstock in our refineries. In 2011, 94.5% of the crude oil we produced was used as feedstock in our refineries. A small percentage of the crude oil which we produce is not of suitable quality for our refineries and we trade such crude oil in exchange for crude oil of suitable quality or sell it on the spot market or through a term contract. For each of the years ended December 31, 2011, 2010 and 2009, 5.5%, 6.3% and 9.8%, respectively, of our crude oil production was either traded or sold to third parties.

Gas

We sell the natural gas we produce under contractual arrangements which may be for periods of five to ten years or more than ten years. These arrangements either take the form of binding memorandums of understanding or gas sales agreements, each of which are entered into directly with the customers. The binding memorandums of understanding are themselves temporary arrangements which are intended to lead to formal gas sales agreements upon documentation of the agreed terms between the parties. Our current customers for gas include PGN, PT Pupuk Sriwijaya and its subsidiaries and PT Krakatau Steel, which comprised 11.6%, 18.8% and 4.1% of our gas sales, respectively, for the year ended December 31, 2011. We also occasionally enter into non-binding memorandums of understanding with potential customers prior to negotiating and entering into gas sales agreements.

The following table sets forth our material gas sales agreements.

Block	Counterparty	Term	Pricing (US$/mmbtu)	Total Quantity (bbtu)	Daily Quantity (bbtu/d)	Take-or-Pay %
Sumatra						
Corridor	PGN	15 years from 2004	2.33-2.57	65,800	12.0	85.0
	PGN	15 years from 2004	2.57-2.60	225,000	50.0	90.0
PEP	Asrigita Prasarana	20 years from 2004	2.30-2.60	188,940	28.9	70.0
	PGN	20 years from 2006	2.23-2.54(1)	1,006,050	250.0	80.0
Java						
Jambi Merang	PLN	12 years from 2010	2.57(2)	323,660	80.0	90.0
Offshore Northwest Java	PLN	From January 4, 2004 to January 18, 2017	2.65	494,000	100.0	100.0
PEP	PT Cikarang Listrindo	9 years from 2006	3.88	325,652	47.0	75.0
West Madura	PLN	From January 1, 2006 to June 30, 2013	3.00	482,560	123.1	90.0

Notes:

(1) For the period of 2011 to 2017 and thereafter as agreed between the parties.

(2) For the first 12 months and further escalated by 3% for every 12 months thereafter.

Under our gas sales agreements, we are obligated to supply gas for the contracted quantity while offtakers are required to accept an agreed portion of the gas on a “take or pay” basis. This arrangement reduces our production risk exposure, by ensuring that a certain fixed portion of our production is sold under the gas sales agreement. The portion of gas subject to the “take or pay” arrangement is agreed on a case-by-case basis, but is generally around 80% of the contracted quantity of gas to be supplied. Given the increasing demand for energy in Indonesia, we do not anticipate any difficulty in disposing of any excess gas that is not subject to “take or pay” arrangements.

The price for gas under our gas sales agreements varies, but generally depends on the price of certain reference commodities such as high sulfur fuel oil and the price of methanol, as well as development costs and taxes. See “— Production” for details of our average realized sales price of gas for the fiscal years ended December 31, 2011, 2010 and 2009.

We deliver approximately 71% of the gas we sell annually to our customers through our gas transmission network. See “— Natural Gas Transmission” for more information. The remaining 29% of the gas we sell to our customers is distributed through third-party providers, such as PGN. Fees for the transmission of gas are generally included in the gas sales price.

Natural Gas Transmission

Existing Transmission Network

We operate an extensive gas transmission network of approximately 1,611 km that covers South Sumatra, West Java, East Java and East Kalimantan. The network has 70 compressor stations to ensure that natural gas reaches its offload points. We own approximately 43% of the network and PGN owns the remaining 57%. Approximately 370 km of this transmission network is offshore and approximately 1,241 km is onshore. Our existing natural gas pipeline forms a national gas supply network in Indonesia and currently has a capacity of approximately 7,660 mmcf/d.

Planned Network and Plant Expansion

We plan on expanding our gas transmission network to meet our growing demand and to better service our customers.

Gresik — Semarang pipeline. The Gresik — Semarang pipeline extension will connect Gresik to Semarang. The pipeline is expected to be 258 km long, with a capacity of 500 mmcf/d. Approval for the pipeline extension was received from BPH MIGAS in 2006 and this pipeline extension is expected to be operational in 2013.

Simenggaris — Bunyu pipeline. The Simenggaris — Bunyu pipeline extension will connect Simenggaris to Bunyu. The pipeline is expected to be 70 km long with 53 km of onshore pipeline and 17 km of offshore pipeline, with a capacity of 25 mmcf/d. Approval for the pipeline extension and the permit to conduct business using the pipeline is still pending. Construction is expected to commence in the second half of 2012, and we are in the process of obtaining the permit required to reactivate the Bunyu Methanol Plant. The pipeline is expected to commence transporting gas in July 2013.

NGL plant. We plan to construct an additional plant and pipeline in South Sumatra to increase our production of LPG, propane and condensate. The plant will be supplied with feed gas from our upstream business and the pipeline will be 90 km long and will connect Prabumulih to Sungai Gerong, South Sumatera. The estimated daily production of the plant is 546 tons of LPG, 160 tons of propane and 2,147 bbls of condensate. We expect the plant and pipeline to commence operation in the fourth quarter of 2013.

Geothermal

Our geothermal operations primarily focus on the development of geothermal resources in our working areas. We expect that once developed, the geothermal assets, including the power plants, in particular, will be operated by PLN.

We manage our geothermal business through our own operations as well as jointly with other partners such as Chevron Geothermal Salak Limited, Chevron Geothermal Indonesia Limited and Star Energy. As of December 31, 2011, we owned 15 geothermal working areas in Indonesia, covering an area of 22.4 km^2. In our 15 geothermal working areas, we have ten own-operated geothermal projects and five geothermal projects that are jointly operated through KSOs.

We currently have an aggregate installed capacity for power generation of 292 MW in three geothermal working areas. In line with the projected acceleration in growth of the geothermal industry in Indonesia, we intend to increase our installed capacity for power generation significantly by 2015.

Pursuant to Government Regulation No. 70 of 2010 on Geothermal Business Activity (“GR 70”), we must return to the Government any geothermal working areas granted to us prior to the enactment of GR 70 that have not been exploited as of December 31, 2014. Although we have commenced exploration of all of our geothermal working areas, we have not developed all of these areas, however, we expect to do so prior to the deadline. See “Risk Factors — Risks Relating to Our Upstream Operations — We may be required to return certain of our geothermal working areas to the Government”.

Reserves, Capacity and Other Operating Data

As of December 31, 2011, our geothermal resources are located in three main geothermal regions in Indonesia. Our estimated proved plus probable geothermal reserves were 1,130 MW, 1,520 MW and

970 MW as of December 31, 2011, 2010 and 2009, respectively. Our estimates of our geothermal reserves are only based on our own-operated geothermal projects and do not include our jointly operated geothermal projects.

The following table sets forth certain key information relating to our own-operated geothermal projects as of December 31, 2011. We have a 100% working interest in each of the following projects.

	Estimated Proved and Probable Reserves (MW)	Current Production Capacity (MW)	Capacity under Development (MW)
Sumatra			
Sibayak	40	12	—
Ulubelu	300	—	220
Lumut Balai	300	—	220
Sungai Penuh	—(1)	—	55
Hulu Lais	—(2)	—	110
Java			
Kamojang	300	200	30
Karaha Bodas	30	—	30
Iyang Argopuro	*None currently*	—	—
East Indonesia			
Lahendong	160	80	40
Kotamobagu	—(3)	—	40
Total	**1,130**	292	745

Notes:

(1) We previously classified these reserves as proved and probable reserves and now classify these estimated 100 MW of reserves as possible reserves.

(2) We previously classified these reserves as proved and probable reserves and now classify these estimated 150 MW of reserves as possible reserves.

(3) We previously classified these reserves as proved and probable reserves and now classify these estimated 100 MW of reserves as possible reserves.

The table below sets forth certain key information relating to our geothermal projects that are operated through KSOs or joint ventures that are operational as of December 31, 2011.

Project	Ownership (%)	Partner(s)	Current Production Capacity (MW)	Share in Capacity (MW)/ Net Operating Income (%)
Gn. Salak	100	Unocal Geothermal of Indonesia Ltd and Daya Bumi Salak Pratama Ltd	377	4.0%
Darajat	100	Chevron Darajat Limited, Texaco Darajat Limited, PT Darajat Geothermal Indonesia	271	2.7%
Wayang Windu	100	Magma Nusantara Limited	227	4.0%
Sarulla	100	Medco Geopower Sarulla, Sarulla Operations Ltd, Sarulla Power Assets Ltd, Orsarulla Inc and Kyuden Sarulla Pte. Ltd.	—	4.0%
Bedugul	100	Bali Limited	—	4.0%

Production

The following table sets forth our aggregate geothermal production for the periods indicated.

	For the Year Ended December 31,		
	2009	2010	2011
Total annual production(1)			
Steam (mt)	15,775	15,960	15,295
(expressed in electricity equivalent) (GWh)	2,099	2,114	2,015
Average daily production(1)			
Steam (mt)	43.2	43.7	41.9
(expressed in electricity equivalent) (GWh)	5.8	5.8	5.5

Note:

(1) Total annual production excludes KSOs for 2009, 2010 and 2011.

Exploration and Development

We expect to see substantial growth in the geothermal business given the projected demand of power supply in Indonesia. In line with our strategy, we are planning future geothermal development projects.

After acquiring a geothermal working area, we carry out several tests followed by exploratory drilling, first to validate and then to quantify the size of the potential geothermal resource. Resource validation and exploratory drilling is a long process that requires substantial capital investment, as it may necessitate the drilling of shallow temperature-gradient wells, "slim holes," exploration wells, and production-sized exploration wells. We do not expect to succeed in developing every resource that undergoes exploration activity and will cease exploration activities on potential geothermal resources that will not support commercial operations.

Sales and Distribution

We sell all of the electricity generated by our geothermal operations to PLN via electricity sales contracts. PLN in turn sells the energy to third-party customers in Indonesia. Each electricity sales contract has a term of 30 years and is on a 90% take-or-pay basis. The base price for electricity from our Lumut Balai and Ulubelu plants is about US$0.0753 per KWh. The base price for electricity from our Kamojang, Lahendong and Karaha Bodas plants is about US$0.0825 per KWh. We base our price increases over the life of the contract on the United States Producer Price Index.

Steam generated by our geothermal operations is sold through steam sales contracts to PLN or other private third parties, who use the steam to generate electricity, which is in turn sold to PLN and ultimately to third-party customers in Indonesia. Each steam sales contract has a term of 30 years. The base price for steam from our Ulubelu plant is about US$0.0420 per KWh. The base price for steam from our Lahendong, Kotamobagu, Hulu Lais and Sungai Penuh plants is about US$0.0430 per KWh. Under each of our electricity sales contracts with PLN, we are able to escalate our prices for steam on a 2% per annum basis.

Pertamina Downstream Business

Overview

Our downstream business includes several segments: oil and gas refining, marketing, trading and shipping of refined oil and gas products, distributing subsidized fuel products and operating certain LNG assets on the Government's behalf. We categorize our refined oil and gas products as retail oil-based fuel, such as motor gasoline and kerosene, special fuel products, such as aviation gasoline, non-fuel and petrochemical products, such as green coke and lube-base oil, and gas-based fuel, such as LPG. We are the dominant refining company in Indonesia and among the largest oil and gas refiners in the Southeast Asia region in terms of production capacity, with six refineries that have a total production capacity of approximately 1,031 mbbls/d and an average NCI of 5.4, as of December 31, 2011. In 2011, our refineries, on average, produced approximately 794.8 mboe/d of refined oil and gas products.

Annual fuel production, comprised of retail oil-based fuel, special fuel products and gas-based fuel, reached 236.5 mmbbls for the year ended December 31, 2011. Non-fuel and petrochemical production reached 25.2 mmboe for the year ended December 31, 2011. See "— Refining" for more information on our refining business.

We hold significant interests in the downstream infrastructure and distribution networks in Indonesia, which are comprised of pipelines, fuel stations and depots, and shipping vessels. As at December 31, 2011, we owned 114 fuel depots, 18 LPG terminals and depots, 454 LPG filling plants, 56 aviation fuel depots and four lube oil blending plants and operated approximately 173 tankers.

We believe that because of our extensive distribution infrastructure and assets in Indonesia, we have been granted the PSO mandate by the Government to produce, supply and distribute the majority of subsidized fuel in Indonesia. This PSO mandate requires us to distribute fuel at subsidized rates fixed by the Government. We are subsequently reimbursed by the Government for our costs in accordance with a prescribed formula. See "— PSO" for more information on our PSO mandate.

To optimize the margins from our refined products, we also further refine low sulfur waxy residual fuel oil and naphtha, which are intermediate products from the refining process.

We also operate LNG plants in Arun and Badak and export LNG to overseas buyers on behalf of the Government. See "— LNG Business" for more information on our LNG business.

Downstream Strategy

In our refinery operations, we aim to ensure that all of our refineries are competitive and operate efficiently and profitably. We intend to improve our operating efficiency and effectiveness by restructuring and enhancing our existing downstream operations, including our refineries. We plan on revitalizing our existing refineries, improving our refinery complexity index and developing new refineries.

Our current development strategy includes plans to increase refinery capacity, to increase our crude oil throughput and achieve product quality levels that comply with EURO III/IV specifications. We intend to continue to expand and increase our refinery portfolio. We intend to construct two new refineries, in Balongan and in East Java, with primary processing capacities of 200 to 300 mbbls/d and 200 mbbls/d, respectively. See "— Refining Facilities" for our expansion plans for our existing refineries and "— Planned Development of New Refineries" for a description of our planned new refineries.

We plan to maintain our leading position in marketing and trading oil and gas in Indonesia and under our PSO mandate. We plan to strengthen our dominant distribution operations and infrastructure and capture a substantial retail market share going forward by expanding our company-owned and company-operated fuel stations. We intend to further augment our position by exiting from non-strategic retail locations. We plan to capitalize on our long established brand name.

We intend to improve our LPG business by accelerating the conversion of kerosene to LPG and developing quality LPG service infrastructure. We intend to further streamline our distribution by obtaining more ships and building new LPG terminals (including refrigerated and pressurized terminals).

Refining

Process

Our refineries process crude oil to produce refined oil and gas products. Crude oil is generally sent through three separate process units. The first separates the crude oil through the application of heat and energy into chemical components a process called fractionation (such components are "fractions"). The second process unit processes the lower value fraction grades in order to create higher value refined products and the third process unit, treats and blends the higher value fraction grades with lower value fraction grades to ensures that the end product meets the quality standards of our customers. The higher value fraction grades produced from the first process unit are aviation turbine fuel and gas oil. See "— Description of Existing Refineries" for a description of the secondary products that each of our refineries can produce through the secondary process.

Production

The crude oil we use as feedstock from our refineries is sourced from our own production or imported under term contracts or under spot contracts. See "— Integrated Supply Chain". The natural gas we process in our refineries is sourced mostly from our own production.

The following table presents our total refinery capacity, intake and production for 2009 to 2011.

	For the Year Ended December 31,		
	2009	**2010**	**2011**
Capacity			
Refining capacity (mbbls/d)	1,031	1,031	1,031
Average NCI	5.2	5.3	5.4
Average utilization rate (%)	85.2	79.5	79.9
Annual intake			
Produced crude oil (mmbbls)	200.9	194.5	203.3
Imported crude oil (mmbbls)	120.1	103.6	97.4
High octane motor gas import (mmbbls)	6.7	10.1	1.0
Natural gas (mmboe)	2.3	1.95	5.9
Annual production			
Fuel (mmbbls)	249.9	235.8	236.5
Non-fuel and petrochemicals (mmboe)	23.9	22.0	25.2
Average daily production			
Fuel (mbbls/d)	684.6	646.2	648.0
Non-fuel and petrochemicals (mboe/d)	65.6	60.1	68.9

See "— Downstream Products" for more information on the products produced from our refineries.

Refining Facilities

We own and operate six refineries with total refining capacity of 1,031 mbbls/d and an average NCI of 5.4. Some of our refineries are operationally integrated with petrochemical refineries that produce non-fuel and petrochemical products, which gives us a leading role in the production of petrochemical products in Indonesia. Our petrochemical refineries produce aromatic products and olefin products that are used as raw materials for textile, rubber, synthetics, plastics and other industries. In addition, we have an LPG plant with an installed capacity of 80 Mton per year and a methanol plant with an installed capacity of 330 Mton per year.

Our largest refinery is RU IV Cilacap, which is located in Central Java, which has a refining capacity of 348 mbbls/d. Our second largest refinery is RU V Balikpapan, which has a refining capacity of 260 mbbls/d. Both refineries process crude oil.

In recent years, we have made significant capital investments in facility expansions and upgrades to improve product quality and increase production capacity and efficiency of our plants to meet evolving market demand and environmental requirements in Indonesia. In each of the years ended December 31, 2011, 2010 and 2009, our capital expenditures for our downstream segment were Rp. 7,269.1 billion (US$801.6 million), Rp. 6,917.1 billion and Rp. 5,988.9 billion, respectively. These capital expenditures were incurred primarily in connection with facility expansions and upgrades. In addition, we have focused on enhancing our processing technologies and methods. These efforts have enabled us to improve the quality of refined products at our refineries, particularly gasoline and diesel. We have reduced gasoline lead and sulfur content and diesel sulfur content. We have also increased the efficiency and utilization rate of our refineries. In each of the three years ended December 31, 2011, 2010 and 2009, the average utilization rate of the primary processing capacity of our refineries was 79.9%, 79.5% and 85.2%, respectively. We also intend to continue to make capital investments in facility expansions and upgrades as described below.

The table below sets forth our refinery portfolio, both as of December 31, 2011 and reflecting our planned expansion activities.

Refinery	As of December 31, 2011 Capacity (mbbls/d)	As of December 31, 2011 NCI	Planned Capacity (mbbls/d)	Planned NCI	Key Expansion Details and Target Completion Dates
Fuel					
RU II Dumai/Sei Pakning	170	7.5	170	7.5	Build open access crude oil importing facilities.
RU III Plaju	118	3.1	118	3.1	Revamp FCCU (as defined below) by 2015.
RU IV Cilacap	348	4.0	348	4.4	Build new RCC (as defined below) by 2014.
RU V Balikpapan	260	3.3	260	5.1	Bottom upgrading project; to increase capacity by 40 mbbls/d and build an RCC by 2018.
RU VI Balongan	125	11.9	125	11.9	N/A
RU VII Kasim/Sorong	10	2.4	10	2.4	Not in production while it undergoes repairs. To be completed by the end of 2012.
Balongan II refinery	—	—	200 – 300	To be determined	To be completed by 2018.
East Java refinery	—	—	200 – 300	To be determined	To be completed by 2019.
Total	**1,031**	**5.4**	**1,431 – 1,631**	**5.8**	

	Capacity (Mton/year)
Non-fuel and petrochemical	
Paraxylene Cilacap	270
Polypropylene Plaju	45
Green Coke Dumai	330
Total ***(Mton/Year)***	**645**
LPG	
LPG Mundu	10
LPG Pangkalan Brandan	70
Total ***(Mton/Year)***	**80**

Description of Existing Refineries

RU II Dumai/Sei Pakning

RU II Dumai/Sei Pakning is located in Sumatra and consists of refinery units at Dumai and Sei Pakning. Each of the units at RU II Dumai/Sei Pakning commenced operations in 1972 and have undergone periodic revamps and modifications. RU II Dumai/Sei Pakning is able to produce motor gasoline, kerosene, aviation turbine fuel, gas oil, naphtha, LPG, green coke, feedstock for lube base oil plants and low sulfur waxy residual fuel oil ("LSWR") via its primary and secondary process units. RU II Dumai/Sei Pakning is comprised of a crude distillation unit ("CDU"), high vacuum unit ("HVU"), hydro-cracker units ("HCU"), delay coke units and platformer units.

As of December 31, 2011, RU II Dumai/Sei Pakning had an NCI of 7.5, its primary process units had a processing capacity of 170 mbbls/d through its CDU and its secondary process units had a processing capacity of 60 mbbls/d through its hydro-cracker unit, 15 mbls/d through its platformer unit and 35.3 mbbls/d through its delay coker unit.

RU II Dumai/Sei Pakning uses domestic crude oil as its raw material. The crude oil processed at RU II Dumai/Sei Pakning comes from our own production and from other oil and gas producers, such as Chevron, and is transported by pipelines and tankers. For the year ended December 31, 2011, the average total output of RU II Dumai/Sei Pakning was 139.5 mbbls/d, and the total amount of green coke produced was 386,000 mt. In 2011, the primary processing capacity utilization rate at RU II Dumai/Sei Pakning was 91.7%.

We intend to build open-access crude oil importing facilities comprising of oil tanks and a jetty to increase our capability in processing imported crude oil.

RU III Plaju

RU III Plaju is located in Musi, Sumatra. It commenced operations in 1935 and underwent revamps and modifications in 1982 and 1994. RU III Plaju is able to produce motor gasoline, kerosene, aviation turbine fuel, aviation gas, gas oil, industrial fuel oil, naphtha, LPG, polypropylene, solvent and hydrocarbon refrigerants via its primary and secondary process units.

As of December 31, 2011, RU III Plaju had an NCI of 3.1, its primary process units had a processing capacity of 118 mbbls/d and its secondary process units had a processing capacity of 20.5 mbbls/d through its fluidized catalytic cracking unit ("FCCU") and 45 Mton per year through its Polypropene unit. RU III Plaju is comprised of CDU, HVU, FCCU and polypropylene units.

RU III Plaju uses domestic crude oil as its raw material. Substantially all of the crude oil processed at RU III Plaju comes from our own production and from other oil and gas producers and is transported by pipelines and small tankers. For the year ended December 31, 2011, the average total output of RU III Plaju was 101.1 mbbls/d and polypropylene production was 50,721 mt. In 2011, the primary processing capacity utilization rate at RU III Plaju was 89.8%.

We also process LSWR, an intermediate product produced by our RU II Dumai refinery, at RU III Plaju. In 2011, we processed 297.6 mbbls of LSWR at RU III Plaju.

We intend to revamp our FCCU by 2015 to increase production of gasoline, LPG and propylene.

RU IV Cilacap

RU IV Cilacap consists of two refinery units located in Cilacap, Java. The refinery units at RU IV Cilacap commenced operations in 1976 and 1983 and both were revamped and modified in 1999. RU IV Cilacap is able to produce motor gasoline, kerosene, aviation turbine fuel, gas oil, industrial fuel, LSWR, naphtha, LPG, paraxylene, benzene, lube based oil mineral, solvent and asphalt via its primary and secondary process units. RU IV Cilacap is comprised of two fuel oil complex units, three lube oil plants, an asphalt unit and a paraxylene unit.

As of December 31, 2011, RU IV Cilacap had an NCI of 4.0, its primary process units had a processing capacity of 348 mbbls/d and its secondary process units had a processing capacity of 270 Mton of paraxylene per year and 400 Mton of lube base oil per year.

RU IV Cilacap uses imported light sweet and sour crude and domestic light sweet crude as its raw materials. In 2011, 35% of the crude oil processed at RU IV Cilacap came from our own production and from other domestic oil and gas producers, and the balance was imported from Asia, West Africa and the Middle East by tankers. For the year ended December 31, 2011, the average total output of RU IV Cilacap was 276 mbbls/d, paraxylene production was 2,102 mbbls, asphalt production was 1,965 mbbls, and lube base oil production was 3,064 mbbls. In 2011, the primary processing capacity utilization rate at RU IV Cilacap was 79.3%.

We intend to build a new residue catalytic cracker ("RCC") with a capacity of 62 mbbls/d and revamp the platformer unit of RU IV Cilacap by 19 mbbls/d by 2014.

RU V Balikpapan

RU V Balikpapan consists of two refinery units located in Balikpapan, Kalimantan. The refinery units at RU V Balikpapan commenced operations in 1922 and 1983 and the first unit was revamped/modified in 1997. RU V Balikpapan is able to produce motor gasoline, kerosene, aviation turbine fuel, gas oil and LSWR via its primary process unit and naphtha, LPG, oil base mud and wax via its primary and secondary process units.

As of December 31, 2011, RU V Balikpapan had an NCI of 3.3, its primary process unit had a processing capacity of 260 mbbls/d and its secondary process units had a processing capacity of 55 mbbls/d for its HCU and 20 mbbls/d for its platformer unit. RU V Balikpapan is comprised of a CDU, HVU, HCU, platformer and wax plant units.

RU V Balikpapan uses domestic and imported light sweet crude as its raw material. In 2011, more than half of the crude oil processed at RU V Balikpapan came from our own production and from other domestic oil and gas producers and was transported by pipelines and via tankers, while the balance was imported from Asia and West Africa and was transported by tankers. For the year ended December 31, 2011, the average total output of RU V Balikpapan was 232.8 mbbls/d, the primary processing capacity utilization rate at RU V Balikpapan was 83.5%.

We intend to perform a bottom upgrade of RU V Balikpapan to add capacity of 40 mbbls/d by 2018, as well as build a new RCC. We also intend to shift the feedstock at this refinery from sweet crude to sour crude. As a result, we expect RU V Balikpapan to have a primary processing capacity of 300 mbbls/d and an NCI of 5.1.

RU VI Balongan

RU VI Balongan is located in Balongan, Java. RU VI Balongan commenced operations in 1994 and was revamped or modified in 2005. RU VI Balongan is able to produce motor gasoline, kerosene, aviation turbine fuel, gas oil, high octane motor gasoline and propylene via its primary and secondary process units.

As of December 31, 2011, RU VI Balongan had an NCI of 11.9, its primary process unit had a processing capacity of 125 mbbls/d and its secondary process units had a processing capacity of 83 mbbls/d of RCC and 52 mbbls/d of bottom product. RU VI Balongan comprises a CDU, an atmospheric residual hydro-demetalizer, RCC, propylene recovery unit, propylene receiving units, a residue catalytic cracking off-gas propylene project and a LPG plant.

RU VI Balongan uses domestic crude and imported light sweet crude as its raw materials. In 2011, 98.0% of the crude oil processed at RU VI Balongan came from our own production and from other domestic oil and gas producers and was transported by tankers and pipelines. In 2011, 2.0% of the crude oil processed at RU VI Balongan was imported from West Africa and was transported by tankers. For the year ended December 31, 2011, the average output of RU VI Balongan was 152 mbbls/d, the primary processing capacity utilization rate at RU VI Balongan was 87.9%.

We also process LSWR, an intermediate product from our RU IV Cilacap refinery, and naphtha, an intermediate product from our RU II Dumai, RU III Plaju, RU IV Cilacap and RU V Balikpapan refineries, at RU VI Balongan. In 2011, we processed 1,871.3 mbbls of LSWR and 16,453.6 mbbls of naphtha at RU VI Balongan.

We have also constructed a residue catalytic cracking off-gas propylene project in RU VI Balongan with a production capacity of 180,000 mt per year, which is currently operational.

RU VII Kasim/Sorong

RU VII Kasim/Sorong is located in Sorong, Papua. RU VII Kasim/Sorong commenced operations in 1995. RU VII Kasim/Sorong is able to produce motor gasoline, kerosene, and gas oil via its primary and secondary process units. RU VII Kasim/Sorong uses domestic crude oil as its raw material. All of the crude oil processed at RU VII Kasim/Sorong is comprised of the Government's crude entitlement from other oil and gas producers and is transported by pipelines to our refinery.

As of December 31, 2011, RU VII Kasim/Sorong had an NCI of 2.4, its primary process unit had a processing capacity of 10.0 mbbls/d and its secondary process units had a processing capacity of 2.0 mbbls/d for its platformer unit. RU VII Kasim/Sorong is not currently in production while it undergoes repairs which are expected to be completed at the end of 2012. RU VII Kasim/Sorong is comprised of a CDU, a naptha hydro treating unit and platformer unit.

LPG Mundu

LPG Mundu, an LPG plant, is located in Mundu, West Java. LPG Mundu commenced operations in 1977. As of December 31, 2011, LPG Mundu had an output capacity for LPG of 10 Mton per year. All of the natural gas processed at LPG Mundu comes from our own production at our Mundu field and is transported by pipelines. For the year ended December 31, 2011, the average output of LPG Mundu was 4.4 mt per day.

LPG Pangkalan Brandan

LPG Pangkalan Brandan, an LPG plant, is located in Pangkalan Brandan, North Sumatra. LPG Pangkalan Brandan commenced operations in 1995 but ceased operations in 2006 due to a decline in gas output. Following a new gas discovery at the Glagah Kambuna field, the LPG plant resumed operations from 2010. As of December 31, 2011, LPG Pangkalan Brandan had an output capacity for LPG of 70 Mton per year. All of the natural gas processed at LPG Pangkalan Brandan comes from the Glagah Kambuna field and is transported by pipelines. For the year ended December 31, 2011, the average output of LPG Pangkalan Brandan was 61.4 mt per day.

Bunyu Methanol Plant

Bunyu Methanol Plant is located in East Kalimantan. Bunyu Methanol Plant commenced operations in 1986. As of December 31, 2011, Bunyu Methanol Plant had a primary processing capacity for methanol of 330 mt per year. The natural gas processed at Bunyu Methanol Plant is currently supplied by PT Medco Energi Internasional Tbk ("Medco Energi"), with whom we have a joint operating partnership, and is transported by pipeline. Operations at the Bunyu Methanol Plant have been suspended since 2009 due to the reserves at the Tapa Bunyu gas field owned by Medco which supplied gas to this plant being exhausted. We are currently seeking an alternate source of gas supply.

Planned Development of New Refineries

Balongan II Refinery

We intend to construct a new refinery at Balongan with primary processing capacity of 200-300 mbbls/d by 2018 and are currently in the planning stage.

East Java Refinery

We intend to construct a new refinery at East Java with primary processing capacity of 200-300 mbbls/d by 2019 and are currently in the planning stage.

Downstream Products

Our downstream refined products are organized in the following four categories:

- *Retail Oil-based Fuel*: This category is comprised of subsidized fuel products, motor gasoline and automotive diesel fuel, and non-subsidized fuel products, industrial diesel oil and industrial fuel oil, which are marketed to the industrial, electricity, land and sea transportation and household sectors.

- *Special Fuel Products*: This category is comprised of aviation turbine fuel, aviation gasoline and high-octane gasoline used by automobiles marketed under our brands, which are "Pertamax" (RON 92), "Pertamax Plus" (RON 95) and "Pertadex (Euro-3 — standard diesel)".

- *Non-fuel and Petrochemical Products*: This category is comprised of non-fuel products, such as green cokes, asphalt, lube base oil, lubricants, waxes, raffinate, heavy aromatics and solvents (such as Pertasol, Minasol, Minarex B&H, SBPX/LAWS/SGO and Toluena), and petrochemical products (such as polypropylene, rubber processing oil (paraffinic oil), methanol, agrochemicals, paraxylene, propylene, benzene and sulfur).

- *Gas-based Fuel*: This category is comprised of gas fuel products including LPG, natural gas fuels, liquefied gas (Vigas) and refrigerant. Our LPG products are marketed under the name "Elpiji" in 3kg, 12kg, and 50kg packaging and skid tanks through the main local distribution channels and agents. We source LPG from our refineries, LPG imports and private refineries.

The table below sets forth production volume for our principal refined products for the periods presented.

	Year Ended December 31,		
	2009	2010	2011
	(in thousands of bbls)		
Motor gasoline	70,481	66,820	67,642
Kerosene	29,219	18,985	14,378
Automotive diesel	111,717	107,446	116,419
Industrial diesel	1,010	1,377	1,352
Industrial fuel	17,171	21,515	19,633
Aviation turbine fuel	16,665	15,710	17,061
Aviation gasoline	—	7	0
LPG	8,593	8,215	8,896
Refrigerants	6	12	5
Petrochemicals	4,312	4,494	5,269
Lube base oil	2,851	2,027	3,065
Total	**262,025**	**246,608**	**253,720**

The table below sets forth sales volume for our principal refined products for each of the three years ended December 31, 2009, 2010 and 2011.

	Year Ended December 31,		
	2009	2010	2011
	(in million KL)		
Motor gasoline(1)	21.40	23.18	25.76
Kerosene(1)	4.78	2.81	1.99
Automotive diesel(1)	24.40	26.08	28.90
Industrial diesel	0.14	0.06	0.35
Industrial fuel	4.27	3.5	3.54
Aviation turbine fuel	2.80	3.19	3.56
Aviation gasoline	0.002	0.002	0.002
LPG(1)	2.96	3.16	5.30
Refrigerants	0.009	0.006	0.004
Petrochemicals	7.93	8.27	6.77
Lube base oil	0.75	0.54	0.61
Total	**69.4**	**70.8**	**76.8**

Note:

(1) All sales of motor gasoline, kerosene, automotive diesel and LPG in 3kg cylinders are pursuant to our PSO mandate. Our LPG in 3kg cylinders sales were 1.8 million mt, 2.7 million mt and 3.3 million mt for the years ended December 31, 2009, 2010 and 2011, respectively. We also sell LPG in 12kg cylinders.

We also import refined products for distribution. In 2011, we imported 167.7 mmbbls of refined products under term supply contracts and spot contracts. Our major providers of oil products are KPC, Petronas, PTT Thailand and Emirates National Oil Company.

Marketing and Trading

Our marketing and trading activities involve the distribution of fuel, non-fuel and petrochemical products (including LPG and other gas fuels) to both domestic and export markets. Since 2007, we have been appointed by the Government to assist in its efforts to encourage the use of LPG as a substitute for kerosene under the kerosene conversion program. See "— Distribution — Domestic Gas".

Our domestic distribution network is operated by eight regional marketing and trading units, which are supported by both storage tanks and shipping facilities. Our storage facility network comprises 114 fuel depots, 18 LPG terminals and depots, 454 LPG filling plants, 56 aviation fuel depots, four lube oil blending plants and approximately 173 tankers. Each marketing unit covers one or more provinces as their marketing areas.

We are actively seeking to expand our marketing and trading business. Our key marketing and trading investment projects include:

- the relocation of an LPG depot in Tanjung Priok, Jakarta. The completion date of the project is estimated to be in November 2012;
- the modernization of an aviation depot in Soekarno Hatta, Banten. The completion date of the project is estimated to be in August 2012; and
- the construction of an aviation turbine fuel pipeline at Tanjong Perak Juanda. The completion date of the project is estimated to be in July 2012.

Distribution

Retail Fuel

Our retail fuel business consists of retail fuel sales to end-customers, most commonly through retail fuel filling stations. Our retail fuel sales consist of fuel sold under our PSO mandate (sold under the brand names "Premium" and "Solar fuel") and non-PSO fuel (sold under the brand names "Pertamax", "Pertamax Plus" and "Pertamina Dex"). See "— PSO" for more information on our PSO mandate.

As of December 31, 2011, there were 4,874 Pertamina-branded retail fuel filling stations in Indonesia. 78 of these retail fuel filling stations are owned and operated by us. The remaining 4,796 retail fuel filling stations are franchise operations, owned and operated by third parties and held for average periods of 20 years. These service stations are located across Indonesia and exclusively sell gasoline and diesel produced by us. All of our retail fuel filling stations share the same branding and are uniform to consumers. The third party dealer pays an initial fee and additional fees on renewal to use our intellectual property rights, including our fuel station design and standard technical specifications, logo and standard operating procedure software management, for the duration of the arrangement.

We are actively increasing the number of retail fuel filling stations owned and operated by us to secure our retail distribution network. We currently have 78 of these stations and expect to build approximately 20 more stations owned and operated by us and 102 more stations owned by us and operated by third party dealers by the end of 2013. Although we also intend to expand our retail fuel business overseas in the future, we do not expect our overseas retail fuel business to be significant in the near future.

In each of the three years ended December 31, 2011, 2010 and 2009, sales of retail fuel products accounted for Rp. 295,173.2 billion, Rp. 207,421.7 billion and Rp. 176,238.8 billion, respectively, representing 50.0%, 48.0% and 48.2%, respectively, of our total revenues in the same periods.

We estimate our market share in relation to subsidized fuel products to be 99% and in relation to non-subsidized fuel products to be 72%. Our main competitors in the retail fuel sector are Shell, AKR, Petronas and Total.

Industry and Marine Fuel

Our industry and marine fuel business consists of sales of products such as motor gasoline, kerosene, high speed diesel, marine diesel fuel, industrial diesel oil and marine fuel oil to commercial customers, whom we supply directly from our depots. Some of our main customers for industry and marine fuel products are PLN, PT Pamapersada Nusantara, KPC, PT Bukit Makmur Mandiri Utama and Newmont Nusa Tenggara.

In each of the three years ended December 31, 2011, 2010 and 2009, sales of non-subsidized industry and marine fuel products accounted for Rp. 135,199.3 billion, Rp. 91,954.6 billion, Rp. 79,225.5 billion, respectively, representing 22.9%, 21.3% and 21.7%, respectively, of our total revenues in the same periods. Sales volume of industry and marine fuel (excluding our own use) in 2011, 2010 and 2009 were 18.2 million KL, 17.0 million KL and 17.0 million KL respectively.

We estimate our market share in relation to industry and marine fuel to be 80%. Our main competitors in the industry and marine fuel sector are Shell, Petronas, AKR and Petro Andalan.

Aviation Fuel

Our aviation fuel business consists of sales of products such as aviation gasoline and aviation turbine fuel to commercial customers. We have supplied products to more than 150 customers, some of whom are commercial airlines, which represent the majority of our sales volume for aviation fuel in 2011. Sales volume of aviation fuel in 2011, 2010 and 2009 were 3.6 million KL, 3.1 million KL and 2.8 million KL respectively. We distribute aviation fuel through our 56 airport depots in Indonesia and we also supply airline customers through our partners in the Asia-Pacific, the Middle East and Europe.

We are the sole provider of aviation fuel in Indonesia.

Non-fuel and Petrochemical Products

Our non-fuel and petrochemical products include asphalt and bitumen, non-fuel special chemical and biofuel products (such as solvents, green coke, lube base oil, minarex and rubber processing oil) and petrochemical products (such as paraxylene, benzene, propylene and polypropylene (polytam) and sulfur). We market our non-fuel and petrochemical products directly or indirectly through a network of sales personnel and agents dedicated to handling our non-fuel and petrochemical operations for industrial use.

In the three years ended December 31, 2011, 2010 and 2009, sales of non-fuel and petrochemical products accounted for Rp. 38,419.6 billion, Rp. 33,931.2 billion, Rp. 29,490.6 billion respectively, representing 6.5%, 7.9% and 8.1% respectively, of our total revenues in the same periods. Sales volume of non-fuel and petrochemicals in 2011, 2010 and 2009 were 6.77 million KL, 8.27 million KL and 7.93 million KL, respectively.

We estimate our market share in relation to non-fuel and petrochemical products to be 54%. Our main competitors in the non-fuel and petrochemicals sector are Chandra Asri, TPPI, Shell, BP, Caltex and Chevron.

Lubricants

Our lubricant products include automotive engine oils (such as for passenger cars and heavy duty diesel), automotive gear oil, industrial and marine diesel engine oils, circulating oils, hydraulic oils, turbine oils, compressor oils and grease and are marketed under the names Fastron, Prima XP, Enduro, Mesran, Meditran, Turalik and Zipex. We market lubricants directly or indirectly through a network of sales personnel and agents dedicated to our lubricant operations that span 20 countries, located in Asia, Australia and the Middle East. Our main customers for our industrial lubricant products are PLN, Krakatau Steel and coal mining companies.

In the three years ended December 31, 2011, 2010 and 2009, sales of lubricants accounted for Rp. 8,993.0 billion, Rp. 7,478.8 billion and Rp. 7,171.0 billion respectively, representing 1.5%, 1.7% and 2.0%, respectively, of our total revenues in the same periods. Sales volume of lubricants in 2011, 2010 and 2009 were 0.61 million KL, 0.54 million KL and 0.75 million KL, respectively.

We estimate our market share in relation to lubricants to be 60%. Our main competitors in the lubricants sector are Shell, Mobil, Castrol, Conoco, Mobil, Caltex, BP, Repsol, Total, Pennzoil, Agip, Fuchs, Valvoline, Eneos, Motul and Idemitsu, internationally, and in Indonesia we also compete with Jumbo, United Oil, and Top 1.

Domestic Gas

Our domestic gas based fuel marketing activities cover products such as LPG, natural gas fuels, refrigerants and aerosol. We sell LPG through agents in 3kg cylinders domestically to households pursuant to our PSO mandate, LPG in 12kg cylinders domestically to households and LPG in 50kg cylinders domestically to hotels and restaurants. We also sell LPG in bulk to end users in the industrial sector. See "— PSO" for more information on our PSO mandate. We sell our gas products under the brand names Elpiji, Pertamina ViGas, BBG, Pertamina HAP and Musicool.

In 2007, we were appointed by the Government to assist in its efforts to encourage the use of LPG as a substitute for kerosene in Indonesian households. See "— PSO". Since the start of the kerosene conversion program in 2007, we have distributed 53.7 million LPG conversion packages, comprising a stove and a LPG regulator and cylinder. We have distributed a decreasing amount of kerosene in each successive year as a result of the introduction of the kerosene conversion program, as an increasing number of households convert to the use of LPG. We receive compensation from the Government under our PSO mandate for the distribution of subsidized LPG. See "— PSO" for more information. We are the sole distributor of LPG in Indonesia.

In each of the three years ended December 31, 2011, 2010 and 2009, sales of gas based fuel accounted for Rp. 39,535.2 billion, Rp. 30,845.6 billion, Rp. 24,000.1 billion*, respectively, representing 6.7%, 7.1% and 6.6%, respectively, of our total revenues in the same periods. Sales volume of subsidized LPG in 2011, 2010 and 2009 were 3.3 million mt, 2.7 million mt and 1.8 million mt, respectively.

PSO

One of our key roles is to distribute subsidized fuel in Indonesia under our PSO mandate. Prior to the passage of the Oil and Gas Law of 2001, we were the sole distributor of subsidized fuel in Indonesia. However, after the passage of the Oil and Gas Law of 2001, our monopoly in the downstream sector was originally scheduled to end in November 2005, when private investors

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* The 2009 amount was not affected by the restatement and/or the reclassification adjustments, and is derived from our consolidated financial statements as of and for the year ended December 31, 2009, as previously audited and reported by Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited).

(including foreign companies) would be allowed to participate in processing, transporting, storing, distributing and selling refined fuel products. However, on November 15, 2005, the Government announced that our right to sell subsidized fuel had been extended to December 31, 2007 as private competitors, such as AKR and Petronas, did not have the required infrastructure to sell subsidized fuel outside of Java at that time.

Since 2008, the downstream market has been opened to competition for subsidized fuel. Since October 1, 2005, domestic sales of refined products to industrial consumers have no longer been subsidized by the Government and subject to competitive forces, while only sales of motor gasoline, automotive diesel oil and kerosene for household continue to be subsidized. BPH MIGAS runs an annual tender process and grants licenses for the right to sell subsidized fuel to oil companies, including us. We believe we are positioned favorably to continue to win the PSO mandate given our high market share and fully integrated operations in the downstream sector, particularly because any new company that wishes to distribute fuel is also required to develop retail stations in the underdeveloped areas outside of Java. In 2010 and 2011, we, AKR and Petronas were granted PSO mandates and in 2012, we, AKR, Petronas and Surya Parna Niaga have been granted the PSO mandate. Based on the amount of subsidized fuel distributed in Indonesia in 2011, we continue to retain 99.6% of the PSO market. We believe this is due to our extensive distribution network. We are also mandated by the Government to assist in its efforts to encourage the use of LPG as a substitute for kerosene in Indonesian households under the kerosene conversion program.

Under the current PSO system, we first pay for the fuel at market rates, which are typically higher than subsidized rates, which we then distribute at lower regulated prices set by the Government for subsidized fuel products. Subsequently, we receive compensation from the Government through the Ministry of Finance in accordance with regulations set by the Ministry of Finance and approved by Parliament. The Government sets these compensation formulas annually in conjunction with the setting of the State Budget. Compensation for the distribution of oil products is equal to MOPS plus margin less the regulated retail price for the subsidized fuel and compensation for the distribution of LPG is equal to CP Aramco plus margin less the regulated retail price. The margin is intended to cover transportation and distribution costs. In setting the compensation formulas, the Government makes certain assumptions with respect to the price of crude oil and if the price of crude oil exceeds the price assumed or our transportation, distribution or other costs increase, we may not be able to recover the full costs of distributing subsidized oil products and LPG under the compensation formula and may incur losses as a result. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — PSO Mandate" for more information with respect to the assumptions underlying the compensation formula. In 2012, the margin for the distribution of oil products was changed from a fixed amount for each PSO product to a percentage of MOPS in addition to a fixed amount for each PSO product. The table below sets forth the compensation formulas used for the periods specified.

	Compensation for Distribution of Oil Products	**Compensation for Distribution of LPG**
January to June, 2009	MOPS + 8.0% of MOPS less the regulated retail price	45.21% CP Aramco + Rp. 390.10/kg less the regulated retail price
July to December, 2009	MOPS + Rp. 573.45 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 573.86 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 326.91 per liter less the regulated retail price for kerosene	

	Compensation for Distribution of Oil Products	Compensation for Distribution of LPG
2010	MOPS + Rp. 582.51 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 582.81 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 326.91 per liter less the regulated retail price for kerosene	
2011	MOPS + Rp. 607.97 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + Rp. 607.45 per liter less the regulated retail price for automotive diesel	
	MOPS + Rp. 402.35 per liter less the regulated retail price for kerosene	

In 2012, compensation from the Government for our PSO mandate is on the following basis.

	Compensation for Distribution of Oil Products	Compensation for Distribution of LPG
2012	MOPS + 3.32% of MOPS + Rp. 454 per liter less the regulated retail price for motor gasoline	CP Aramco + US$68.64 /mt + 1.88% CP Aramco + Rp. 1,750/kg less the regulated retail price
	MOPS + 2.17% of MOPS + Rp. 491 per liter less the regulated retail price for automotive diesel	
	MOPS + 2.49% of MOPS + Rp. 263 per liter less the regulated retail price for kerosene	

In 2012, the regulated price of subsidized fuel has been fixed at Rp. 4,500 per liter for motor gasoline and automotive diesel and Rp. 2,500 per liter for kerosene. In 2011, 2010 and from February to December of 2009, the regulated price of subsidized fuel was Rp. 4,500 per liter for motor gasoline and automotive diesel and Rp. 2,500 per liter for kerosene. In January 2009, the regulated price of subsidized fuel was Rp. 4,500 per liter for motor gasoline, Rp. 4,800 for automotive diesel and Rp. 2,500 per liter for kerosene.

We and the Government have a framework for cost reimbursements. The Government is required to pay us most of the cost reimbursements each month based on a submission by us made no later than 10 days after the end of the month. 95% of the costs reimbursement submission would typically be made by the Government in the next month from the date of submission of cost reimbursements. The remaining 5% of the cost reimbursement submission is accumulated and settled quarterly following an audit by the Government. In addition, in determining the compensation payable to us in any given month for the distribution of oil products, the Government's policy is to use MOPS from the month immediately prior to the month which the compensation claim relates to. See Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operation — PSO Mandate". Also see "Risk Factors — Risks Relating to Our Downstream Operations — We may not be able to pass on increases in costs of our raw materials".

Prior to 2009, our subsidy payment for the distribution of oil products were sufficient to meet the shortfall between our costs and the regulated price of the subsidized fuel. In 2009, due to the decrease in crude oil prices globally, the compensation formula which was then based on MOPS plus an 8% margin was not sufficient to cover our distribution costs, which include the costs of raw materials, for subsidized fuel. Although the change in the compensation formula in mid 2009 to MOPS plus a specified fixed margin allowed us to meet our distribution costs in the latter half of 2009, the aggregate compensation we received in 2009 under the PSO mandate was not sufficient to cover our aggregate distribution costs for subsidized fuel. In 2010, crude oil prices continued to rise and the compensation formula based on the margins set by the Government in 2010, together with the regulated retail price of subsidized fuel, were not sufficient to cover our costs of distribution for such fuel. In 2011, although crude oil prices continued to rise and the compensation formula under the PSO mandate continued to be insufficient with respect to our costs of distribution for motor gasoline, automotive diesel oil and kerosene, the compensation formula under the PSO mandate for LPG in 3kg cylinders was sufficient to cover our related costs of distribution for LPG in 3kg cylinders and offset the losses incurred for distribution of other products under the PSO mandate. The aggregate compensation we received in 2011 under the PSO mandate was sufficient to cover our costs of distribution of subsidized fuel. Although the margin component of our compensation formula for subsidized fuel has been revised in 2012, while crude oil and MOPs prices remain relatively high, we may continue to experience losses in this segment of our business.

The Ministry of Finance is expected to continue to meet its commitment on subsidy payments due to the national importance of our role in supplying and distributing fuel to Indonesia. In addition, the Government has budgeted Rp. 109,278.2 billion (US$12,051.0 million) for fuel subsidies as reported in the State Budget for 2012.

Trading

Our trading activities include the importing of crude oil and oil products for feedstock at our refineries and for use as domestic fuel and the exporting of (i) the Government's share of crude oil produced; (ii) our crude oil and natural gas that are not used by our refineries; (iii) refined products produced by our refineries, such as LPG, LNG and lubricants and (iii) petrochemicals, such as asphalt and bitumen, paraffin wax, propylene, polypropylene and polyethylene. The types of crude oil that are exchanged include SLC, Minas, Ardjuna, Duri, Cinta, Widuri, BRC, Arun Condensate, and Badak among others. Meanwhile, exported non-fuel and petrochemicals include propylene, green coke, decant oil and others.

See "— Integrated Supply Chain" for more information on our import and export activities.

Shipping

As Indonesia is an archipelago, tankers are required to distribute oil products throughout the country. We have a fleet of vessels to transport oil and gas, and to distribute fuel, non-fuel and petrochemical products to domestic and international markets. 85% of crude oil used in our refineries are transported by tankers and 83% of our crude oil sales and distribution are transported by tankers. The vessels operate across 31 supply points, seven ports and over 154 depots. The other activities performed by the shipping business include brokerage, ship agency and crewing.

We operate approximately 173 oil tankers (ranging in size from 1,000 dead weight ton bulk lighters to 308,000 dead weight ton very large crude carriers) of which approximately 42 are owned by us and the remaining are chartered. We also charter several LPG tankers. From time to time, we also rely on the spot market to charter vessels to carry specific loads for single trips. The tanker fleet effective carrying capacity, which reflects the maximum amount of cargo that can be carried, is approximately 3.2 million mt. The total cargo size of our fleet, which reflects the amount of cargo which can be shipped, is approximately 100 million KL per year and our average effective load factor is approximately 84%. We look at average effective load factor as a measure of the effective carrying capacity of the tanker fleet relative to its total cargo size.

We intend to increase the percentage of the tankers we own from 24% to approximately 47% of our fleet, or 24% to 54 % of dead weight ton capacity, by purchasing 43 vessels by the end of 2016. In 2012, we aim to purchase five out of these 43 vessels. We also target optimizing our utilization of tanker tonnage and capacity.

LNG Business

Our LNG business principally involves the operation of the Arun and Bontang LNG plants in Arun and Badak, respectively, and the export and transport of LNG, in each case on behalf of the Government. Although we have operated the Arun and Bontang LNG plants since 1977, ownership of the assets was not transferred to Pertamina following the coming into force of the Oil and Gas Law of 2001 and its implementing regulations, unlike certain other of our oil and gas assets. Instead, we continue to operate these LNG plants on behalf of the Government under the Minister of Energy and Mineral Resources Decree No. 1869K/10/MEM/2007 on Implementation of Liquefied Natural Gas (LNG) Arun and Liquefied Natural Gas (LNG) Badak Business Activities and the Minister of Finance Decree No. 092/2008, in exchange for an operational fee which is set annually by the Government. Under the Minister of Finance Decree No. 092/2008, our role as operational asset manager of these LNG plants will continue until the Minister of Finance determines that a new operational asset manager is to be appointed. In the event a new operational asset manager is appointed, we may remain responsible for the management of these LNG plants and if we are granted a power of attorney to act on behalf of the new operational asset manager. The Government has recently granted us the right to enter into new contracts or extend existing contracts for the production of LNG at the Bontang plant. We will continue to earn an operational fee for any existing contracts which have not expired and in addition, we are permitted to earn a margin under the new or extended LNG production contracts which we enter into. We do not however have management control of the Arun and the Bontang LNG plants. We are also the Government’s designated seller for the export and transport of LNG produced at the Arun and the Bontang LNG plants, and for the export of the Government’s entitlement of LNG from the Tangguh LNG plant, in each case, in exchange for a marketing fee.

The Arun plant has access to 300 bcf remaining gas reserves and a production capacity of 6.2 million mtpa. The Government plans to cease production of the Arun plant in 2014 due to natural gas reserves depletion. The Bontang plant has access to 13,280 bcf remaining gas reserves and a production capacity of 22.2 million mtpa.

As of December 31, 2011, the LNG from the Arun, Bontang and Tangguh LNG plants was exported to Japan, Korea and Taiwan under nine LNG sales contracts for an aggregate volume of 15.7 million mt. The majority of these contracts are set to expire between 2012 to 2024. We have signed LNG sales contracts with Chubu Electric, Kansai Electric, Korea Gas Corporation, Kyushu

Electric, Nippon Steel, Osaka Gas and Toho Gas for sale volumes of 3.0 million mtpa for 2011 to 2015 and 2.0 million mtpa for 2016 to 2020.

We intend to expand our LNG business beyond our current capacity as a LNG seller and asset manager for the Government to become a LNG producer, distributor and processor for our own account and an LNG importer and are engaged in the following key projects to expand our LNG business:

- We are developing a 2.0 million mtpa LNG plant at Donggi Senoro, where we will process and export LNG through a joint venture company which we, Medco LNG Indonesia and Sulawesi LNG Development hold a 29%, 11% and 60% interest in respectively. We received shareholder's approval on January 21, 2011. We have entered into a contract for a term of 11 years for the sale of LNG with a Korean purchaser for a volume of 0.3 million mtpa. We have also signed heads of agreement for the sale of LNG from the Donggi Senoro plant with two Japanese purchasers for volumes of 1.0 million mtpa and 0.7 million mtpa respectively. We will have access to gas resources of 3,700 bcf from the Senoro and Matindok fields for the Donggi Senoro plant. The LNG plant at Donggi Senoro is expected to be operational in December 2014.

- We are developing a LNG FSRU in West Java with a total capacity of 3.0 million mtpa as part of a joint venture with PGN, in which we own a 60% equity interest. The West Java LNG FSRU is expected to commence production in the second quarter of 2012 We have also been appointed by the Government to sell LNG from the Bontang LNG plant to the West Java LNG FSRU for an aggregate sale volume of 11.75 million mt over the 2012 to 2022 period, commencing with 1.5 million mtpa in 2012 and decreasing to 0.75 million mtpa in 2022.

- We have submitted a tender for a LNG FSRU in Central Java. If we are awarded the project, it will have a production capacity of 3.0 million mtpa and we expect to commence production in the third quarter of 2013. This project includes the construction of a 2.5 km onshore pipeline and a 15 km offshore pipeline and is part of the Trans Java Gas Pipeline project intended to connect gas markets across eastern to western Java.

- We propose to enter into a joint venture with PLN to construct LNG receiving and regasification terminals in nine locations in Eastern Indonesia. We will hold a 65% majority interest in this joint venture while PLN holds the remaining 35% interest.

- Once the natural gas reserves which the Arun plant has access to have been depleted, we intend to revamp it and transform it into a receiving and regasification terminal. We also intend to build a gas pipeline between the Arun plant and the industrial area in Belawan, Medan. Our plan is to purchase LNG to regas and sell the gas to customers in the Arun area and the Belawan industrial area.

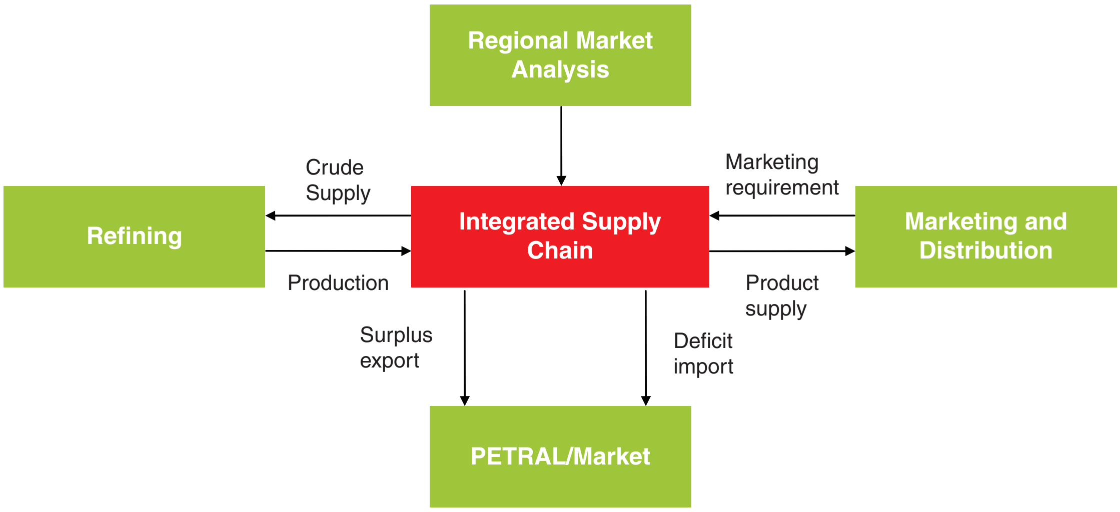
We are also exploring other ways to expand our LNG business, including conducting trials in relation to the use of LNG as fuel in heavy duty trucks and commissioning studies on the use of gas as fuel in our RUII Dumai/Sei Pakning and RU IV Cilacap refineries, with a view to constructing captive receiving and regasification terminals at these refineries if feasible.

We will also focus on building relationships with new LNG buyers and suppliers in international markets, including China, the Philippines, India and the United States.

Our budgeted capital expenditure for our LNG business for 2012 is Rp. 7.0 billion (US$771,950).

Integrated Supply Chain

The diagrams below illustrate the integration and flow between our upstream, downstream and LNG operations and the role which our integrated supply chain division plays in coordinating our upstream and downstream supply and distribution of feedstock and refined products.



We have an integrated supply chain division to optimize the use of our resources by coordinating our overall refining, marketing and trading activities which is consistent practice among other major integrated oil and gas companies.

Our integrated supply chain division ensures that our refineries have a reliable and consistent source of feedstock by, among other things, buying raw materials to meet their demands and selling any surplus materials they do not need. Our integrated supply chain division works with our marketing and trading division to ensure that our refineries are producing the products that are in demand and to coordinate our import and export requirements. Our integrated supply chain division also gathers and analyzes oil and gas trading market information to ensure that we are able to make informed decisions in our downstream operations.

In 2011, our integrated supply chain coordinated the supply of 204.9 mmbbls of domestic crude oil and 97.6 mmbbls of imported crude oil to our refineries and 327.8 mmbbls of our products and 212.7 mmbbls of imported products to our marketing division. The value of the imported crude oil and products was US$11.1 billion and US$24.5 billion, respectively and the value of the products we exported (which comprises excess refinery products for which there is no domestic demand such as low sulfur waxy residue, naphtha and green coke) was US$3.0 billion. Pricing for domestic crude oil is based on ICP and pricing for imported crude oil and the products which we produced is based on market pricing.

Imports and exports of crude oil and products are conducted by our subsidiary, Pertamina Energy Services Pte. Ltd ("PES"). PES sources imports from major oil companies, national oil companies, refineries and traders based in the Asia Pacific region.

Import of Crude Oil

Although our local crude oil production is significant, crude oil is imported for blending purposes due to different specifications of crude oil required by our refineries.

In 2011, 2010 and 2009, we imported 97.6 mmbbls or 32.3%, 103.6 mmbbls or 34.6% and 120.1 mmbbls or 37.0%, respectively, of the crude feedstock to support our refineries and used domestic sources to provide the balance.

The amount of crude oil we import is dependent on the Government's crude entitlement, which is the amount of crude oil the Government is entitled to receive under production sharing arrangements and cooperation contracts with other oil and gas companies; and which we process on its behalf. We expect to import a higher percentage of crude oil in 2012 as our allocation of crude oil from the Government has decreased. Our allocation of crude oil from the Government has decreased in line with an anticipated decline in Indonesia's production of crude oil due to current production being mature and the expectation that no new major discoveries will be made in the current decade.

In 2011, 64% of the crude oil we imported was through our subsidiary, PES. Our other provider of imported crude oil in 2011 was Saudi Aramco, through which we imported 35.6 mmbbls, or 36% of our total imported crude oil, for our RU IV Cilacap refinery. The crude oil which we import through PES was sourced from Brunei Darussalam, Saudi Arabia, Malaysia, Russia, Nigeria, Australia, Vietnam, Algeria and Turkey. We sourced approximately 71% of our total imported crude oil under the term supply contract with Saudi Aramco or term supply contracts to which PES is a party and the balance under spot contracts.

Import of Fuel Products

Our integrated supply chain division coordinates the supply of refined fuel products from our refineries and through imports to our marketing and trading division. The products supplied from our own refineries include gasoline, kerosene, diesel, aviation fuels, LPG, lubes and petrochemicals. The products we import include gasoline, automotive diesel, high sulfur diesel, aviation fuel and LPG. We also import non-fuel products such as LPG and paraxylene as well as other specialty products.

As Indonesia's domestic fuel consumption exceeds domestic fuel production, fuel product imports are needed to meet local demand. In 2011, our integrated supply chain coordinated the import of 163.8 mmbbls of refined fuel products (such as automatic diesel oil and high octane motor gasoline components).

Other Businesses

We have subsidiaries and joint ventures through which we hold non-key, non-oil and gas assets and participate in non-core businesses such as domestic non-tanker shipping, a charter airline, insurance and hospital and management services. Revenues generated from these and other businesses accounted for less than 1% of our total revenue in 2011. As part of the deregulation of the oil and gas industry which requires us to focus on the oil and gas industry, we plan to divest our non-core businesses over the next few years and focus on the oil and gas industry.

Related Party Transactions

We sell fuel and other refined products to our related parties, including companies in which we hold a 20% to 50% interest who are our associates and certain entities with whom we share key management. Our related parties purchase fuel and other refined products with us on arm's-length terms based on market pricing for such fuel and refined products. As of December 31, 2011, trade and other receivables (including subsidy reimbursements due from the Government) owed by our related parties and trade and other payables owed by us to our related parties, including to the Government, comprised approximately 12.4% and 13.5% of our total assets and total liabilities, respectively.

Competition

We face competition from other oil and gas companies in all areas of our upstream and downstream operations, including the acquisition of production sharing arrangements and cooperation contracts and for sales of oil and gas and refined petroleum products.

Upstream

Major competitors in our upstream oil and gas business in Indonesia and Southeast Asia include international oil and gas companies such as ExxonMobil, Conoco Philips and Chevron, many of which are large, well-established companies with greater capital resources and larger teams of operating staff than we have and some 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.

Since the passage of the Oil and Gas Law of 2001, we have had to compete with other Indonesian and international oil and gas companies in tendering for new production sharing arrangements and cooperation contracts. Our ability to acquire production sharing arrangements and cooperation contracts and to acquire, 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, participation by Indonesian companies has been actively encouraged by the Government. For example, the Government has granted partial interests in production areas to regional entities. Being one of the few Indonesian companies involved in the oil and gas exploration and production industry and the only one that is wholly-state owned, we believe that we have certain advantages when seeking to expand our business in this sector, given the depth of our knowledge and experience of the exploration and production environment in Indonesia and our long-standing relationship with the Government.

We are the main player in the geothermal industry in Indonesia. We transferred our ownership interests in PT Geo Dipa Energy to the Government in 2011 and expect to compete against it with respect to the allocation of geothermal working areas and projects in the future. Other oil and gas companies involved in the geothermal industry include Chevron, Star Energy and Medco Energi, among others.

Downstream

As of December 31, 2011, we were among the largest refiners in the Asia-Pacific region in terms of total controlled refining capacity. There are currently six major refineries in Indonesia, all of which are wholly-owned by us. Our refining operations compete with other domestic and international suppliers for sales of refined petroleum products both inside of Indonesia and abroad.

Our retail fuel business primarily competes with Shell, Petronas, AKR and Total, as well as independent operators in the commercial and retail markets, for the sale of refined petroleum products. Market participants compete primarily on the basis of price, proximity to customers, brand name, quality, services offered and efficiency. Because margins on the sale of gasoline and diesel are very low, competition has developed for higher margin products that can be sold at service stations, including high margin oil products such as lube and gasoline additives and non-oil goods and services. We cannot assure you that we will be able to maintain our leading market position in Indonesia or that our service stations will remain competitive in the retail petroleum industry.

Further, our role as the sole provider of fuel under the PSO mandate is now open to competition. Since 2008, BPH MIGAS has run a tender process for the PSO mandate and grants licenses to oil companies to sell subsidized fuel. In 2010 and 2011, AKR and Petronas were also granted PSO mandates and in 2012, AKR, Petronas and Surya Parna Niaga were also granted PSO mandates. As a result, we no longer have a monopoly over the PSO mandate. We further expect BP and Total to enter the PSO market by 2015 as it generally takes around five years to establish the necessary infrastructure, particularly in less developed areas outside of Java, to distribute subsidized fuel. However, based on the amount of subsidized fuel distributed in Indonesia in 2011, we continue to retain 99.6% of the PSO market. We believe this is due to our widespread distribution network, but we expect competition to intensify as our competitors build the necessary infrastructure. See "— PSO" for more information on our PSO mandate.

Our main competitors in the industry and marine fuel sector are Shell, Petronas, AKR and Petro Andalan, who are actively and aggressively building infrastructure across Indonesia for greater delivery capacity.

We are the market leader of the aviation fuel sector in Indonesia and we do not currently have competitors in this sector.

In our petrochemicals segment, we compete domestically with Chandra Asri, TPPI, Titan, Shell, BP and Chevron.

As we are distributing lubricants both domestically and in over 20 countries and multiple regions around the globe, including Asia, Australia and the Middle East, we are facing competition in this sector from both local competitors such as Jumbo, United Oil and Top 1 and international competitors such as Conoco, Mobil, Caltex, BO, Repsol, Shell, Total, Pennzoil, Agip, Fuchs, Valvoline, Petronas, Eneos, Motul and Idemitsu.

Properties

Our major properties include natural gas pipelines, land and buildings, machinery and equipment including tankers, oil terminals, gas service stations, gas separation plants and other fixed assets used for exploration and production of petroleum. As of December 31, 2011, properties accounted for 37.6% of our book value.

Our headquarters are located at Jl. Medan Merdeka Timur No. 1A, Jakarta.

Nearly half of our land assets by area are not owned free and/or clear. "Free" means that we have all legal documents required to prove our title to a land asset. "Clear" means that we have physical control over a land asset, *i.e.* there are no third parties either occupying the land or disputing our ownership of the land asset. Our non-free and non-clear assets are valued at Rp. 1,265.0 billion (US$139.5 million) without taking into account any provision for impairment. See "Risk Factors — Risks Relating to Our Company — We do not have free and clear title to a significant portion of our land assets" for more information on this issue.

Research and Development

Upstream

We have a research and development institute which focuses on our exploration and production business. Our upstream research and development institute comprise of eight research and development departments: geology, geophysics, reservoir and production, new energy and green technology, enhanced oil recovery, technology, drilling process and facilities and data and geomatics. In 2011, we had 62 personnel in research and development functions, of whom 60 were engineering and technical personnel.

Our expenditures for upstream research and development were approximately Rp. 171.7 billion (US$18.9 million) for 2011. Approximately Rp. 222.6 billion (US$24.5 million) is budgeted for our upstream research and development activities in 2012.

Downstream

We have a research and development institute which focuses on our refining and chemical business. In 2011, we had 41 personnel in research and development functions, of whom 38 were engineering personnel and 3 were technical personnel.

Our expenditures for downstream research and development were approximately Rp. 40.6 billion (US$4.5 million) for 2011. Approximately Rp. 57.4 billion (US$6.3 million) is budgeted for our downstream research and development activities in 2012.

Trademarks and Service Marks

We have trademarked certain of our product names to protect our various brands in both the domestic and international market. In relation to our retail fuel business, we have trademarked three of our wholly-owned and run retail fuel products; "Pertamax," "Pertamax Plus," and "Pertamina Dex" for our various value-added, non-PSO retail fuels; and "Fastron," "Prima XP," "Enduro," "Mesran," "Meditran," and "Turalik" for our lubricant products. We have not had any significant disputes with respect to any of our trademarks or service marks. We currently do not hold any patents for any of our products or processes.

Insurance

We have comprehensive insurance policies that cover our business, our properties and litigation brought by third parties. We employ a risk management policy for purposes of analyzing the risks faced by our businesses in determining the appropriate insurance policies. Our coverage includes onshore & offshore property insurance, marine hull & machinery insurance, land rigs insurance, cost of well control insurance, pipelines insurance, third party liability insurance, project insurance, directors & officers liability insurance, marine cargo insurance, refueling liability insurance, protection & indemnity insurance and property & liability insurance in connection with the LPG 3kg cylinders that we distribute. We consider our insurance coverage to be in accordance with industry standards.

In respect of our exploration and production, refining, petrochemical production, and marketing and sales operations, we currently maintain policies with a domestic Indonesian insurer, Tugu Group, in which we hold an interest through our subsidiaries, PT Tugu Pratama Indonesia ("TPI"). 50% of our property insurance coverage is reinsured offshore through Lloyd's of London, while 50% is retained by Tugu Group.

See "Risk Factors — Risks Relating to Our Upstream Operations — Oil, gas and geothermal operations are subject to significant operating risks hazards, for which we may not be fully insured" for risks relating to our insurance.

Health and Safety

We are subject to various health and safety laws. We have extensive safety procedures designed to ensure the health and safety of our workers and assets, the public and the environment. A safety manual of detailed operating procedures is available at the operations level, with another, more specific, manual maintained by each of our operating subsidiaries, which together govern these safety procedures. Certain procedures must be approved by a safety officer in advance before they can be undertaken, and in the event of any accidents or fatalities, we have procedures in place to investigate such incidents and determine if compensation would be necessary.

Our Health, Safety and Environment ("HSE") board committee is responsible for drafting our HSE policies and procedures. Our Vice President of HSE Corporate is responsible for the overall implementation of the HSE policy and the coordination of all HSE activities throughout our Company. The Vice President of HSE Corporate in turn reports to the General Affairs Director, who serves as secretary of the HSE board committee. Further, we have in-house HSE teams present in each of our business units, subsidiaries and locations where we operate, to ensure that our HSE policies are followed in each respective location. The HSE teams in each location report either to the operational head of each location or to the head of the directorate, as applicable, who in turn report to the Vice President of HSE Corporate.

It is our policy that in the event of any conflict between the progress of work and health or safety concerns, the health and safety of employees, equipment and third parties are paramount. We provide our employees with comprehensive training in safety related matters. Government officials make both scheduled and random checks at our operating facilities to ensure that safety procedures are being followed.

Employees

As of December 31, 2011, we had approximately 24,181 employees, of whom 1,815 were engaged in upstream activities, 9,778 were engaged in downstream activities, 58 were engaged in the LNG business, 67 were engaged in the integrated supply chain, 1,439 were engaged in administration and 760 were engaged in finance, treasury and accounting. As of December 31, 2011, 24,165 of our employees are employed in Indonesia and 16 of our employees are employed outside of Indonesia. The following table sets forth details of our employees.

	Year Ended December 31,		
Unit	**2009**	**2010**	**2011**
Upstream	2,033	1,936	1,815
Downstream	10,141	10,364	9,778
LNG business	45	43	58
Integrated supply chain	55	70	67
Administration (including top management, corporate secretary and human resources)	2,308	1,411	1,439
Finance, treasury and accounting	608	772	760
Company total	**15,190**	**14,596**	**13,917**
Subsidiaries total	**9,335**	**9,268**	**10,264**
Total (Company and subsidiaries)	**24,525**	**23,864**	**24,181**

In addition to our full-time employees, we also rely on outsourced labor. We hire outsourced labor through a labor service agreement with labor supply companies. Wages and benefits, terms of employment and dispute settlement mechanisms for outsourced employees are determined by agreement between the employees and the labor supply company, subject to labor regulations.

All full-time employees involved in oil and gas exploration and production are our employees or employees of our operating subsidiaries. Our upstream human resource management policies are subject to broad but loose oversight by BPMIGAS. BPMIGAS scrutinizes our upstream personnel plans to ensure that they remain in accordance with development plans for PSC, but otherwise permits operators significant flexibility in meeting their manpower requirements.

A substantial number of our employees are unionized. 17 of our labor unions form a federation (*Federasi Serikat Pekerja Pertamina Bersatu*) that covers 8,306 employees registered as members. We consider our relationship with the federation to be good. The rights and responsibilities under our relationship with the unions are formulated in a collective labor agreement (*Perjanjian Kerja Bersama*) between the unions and our Company which is registered with the Ministry of Manpower of Indonesia. The collective labor agreement is valid for a period of two years. Our collective agreement with the unions is expiring in August 2012 and we are in discussions with them to renew it. To date, we have not had material issues in procuring or renewing collective labor agreements.

We have not been subject to any material strikes or other labor disturbances that have interrupted our operations. We believe our relationship with our employees is good. However, see "Risk Factors — Risks Relating to Indonesia — Labor activism and unrest may materially and adversely affect us".

Certain of our employees, including all of our management, are not members of any labor union, and have not entered into collective bargaining agreements. We believe our relationship with these employees is good.

The total take-home pay of our employees includes base salary, allowances based on the location where the employee works, allowances for an employee's position and/or sales and income tax allowances. We further provide certain of our employees other cash allowances and incentives (including holiday allowances, annual leave allowances and our annual incentive plan), health benefits, leave benefits, retirement benefits (including severance bonuses, pension plans, saving plans, life assurance and mandatory government insurance) and facilities (including housing, club memberships and car and phone services).

In accordance with applicable Indonesian regulations, we currently participate in pension contribution plans organized by municipal and provincial governments, under which we contribute at rates ranging from 4.5% to 4.8% of our employees' salaries, bonuses and certain allowances. The contributions vary from region to region. Other than the contributions, we have no other material obligation for the payment of pension benefits associated with these plans. We also provide retirement benefits based on the retirement base income and the respective employment period. Retirement benefits are provided from the fund on a monthly basis to the former employee on the basis of a contributory program. Contributions are made by us and the employee to the program during the employment period based on the rules of the retirement fund.

Other retirement benefits that an employee receives and that are funded by us include a post-employment benefit amount and health care benefits. Each employee also participates in a retirement training program shortly before retirement.

We also provide certain health care benefits to our employees and their families. Health care benefits include in-patient and out-patient treatment and periodic medical check-ups.

We have a number of training and education programs for our employees. We classify our training and education programs into three categories: generic training, technical training and overseas training. Generic training is available to all employees and ranges from leadership and managerial topics such as courses on good corporate governance and our executive development program to corporate culture. Technical training is specific to each department and includes courses for specialists within each department. Examples of technical courses which we run include courses on "Advanced Process Design" and "Logistics" in our refinery business unit and out general and human resources business unit respectively. Overseas training is available to all employees and is conducted on an ad hoc basis.

Environmental Matters

Our oil and gas exploration and production operations, petroleum and petrochemical products and other activities are subject to Indonesian laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws include the New Environmental Law and other regulations relating to hazardous wastes, emissions and effluent waste water management. These laws and regulations may require the acquisition of a permit before drilling or refining commences, which may restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, require remedial measures to prevent pollution resulting from former operations, such as plugging abandoned wells, and impose substantial liabilities for pollution resulting from our oil, natural gas and petrochemical operations. We may also be required in certain situations to complete environmental impact analyses and to enter into various environmental management undertakings prior to carrying out exploration and development operations, production and refining activities. These environmental management activities are regulated by the Ministry of Energy and Mineral Resources and State Ministry of Environmental Affairs.

The New Environmental Law introduced an environmental permit (*Ijin Lingkungan*) and requires that all licenses regarding environmental management issued by the Government must be integrated with the environmental permit requirements within a year of the enactment of the law. On February 12, 2012, the Government enacted Regulation No. 27 which requires companies which are required to obtain an AMDAL approval or prepare a UKL and UPL to also be obliged to obtain the environmental permit in order to obtain a business license but all permits and licenses existing before implementation of Regulation No. 27 would be accepted as valid environmental permits. We are currently taking steps to improve our management of sludge and produced water in order to comply with the standards set by the New Environmental Law. See "Risk Factors — Risks Relating to Our Company — Our compliance with or breach of environmental regulations in Indonesia and in the countries in which we operate could materially or adversely affect our business, financial condition, results of operations and prospects".

Under Indonesian environmental regulations, remedial and preventative measures, as well as sanctions (such as the imposition of substantial criminal penalties, fines and the cancellation of concessions) may be imposed in order to remedy or prevent pollution caused by operations. Such sanctions range from one to 15 years of imprisonment for any person who has caused environmental pollution or environmental damage, and fines ranging from between Rp. 500 million to Rp. 15 billion, subject to an additional penalty of one-third of the fine amount if the person directs a corporate entity to commit a breach of the New Environmental Law. The State Ministry of Environmental Affairs also reserves the right to impose a monetary penalty in lieu of any rehabilitation obligations of a liable person.

The environmental management systems that apply to us are EMS ISO 14001 and Environmental Compliance Performance Evaluation Program (*Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan lingkungan*, or "PROPER") administered by the State Ministry of Environmental Affairs.

EMS ISO 14001 is a voluntary standard that requires organizations to put in place and implement a series of practices and procedures that, when taken together, result in an environmental management system. 45% of our fields, refineries, geothermal areas and marketing and trading centers meet EMS ISO 14001 standards.

The State Ministry of Environmental Affairs in Indonesia rates companies in accordance with PROPER, which consists of a series of seven ratings ranging from “gold” (the highest possible rating) to “black” (the lowest possible rating). This rating program is conducted for every business and/or activity with potential to create pollution and/or environmental damage. Companies in Indonesia that are rated on the PROPER program are required to publicly disclose their level of compliance. As of November 2011, two of our unit operations have gold PROPER ratings (indicating excellent compliance levels), 25 of our unit operations have green PROPER ratings (indicating that they are beyond compliance levels), 59 unit operations have blue PROPER ratings (indicating they are fully compliant), and six have red PROPER ratings (indicating they are partially in compliance). None of our unit operations have a black rating (indicating they are not in compliance). We have established action plans to improve the PROPER ratings for our six units with red PROPER ratings.

Various environmental laws, rules and regulations may act to limit the rate of oil and natural gas production to levels below the rate that would otherwise exist. These laws and regulations may also restrict air emissions and discharges to surface and subsurface water resulting from the operation of natural gas processing plants, chemical plants, refineries, pipeline systems and other facilities that we own. In addition, our operations may be subject to laws and regulations relating to the generation, handling, storage, transportation, disposal and treatment of waste materials. The regulatory burden on the oil and gas industry increases the cost of doing business and consequently affects its profitability. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly waste handling, disposal and clean-up requirements could have a significant impact on our operating costs, as well as the oil and gas industry in general.

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 insofar as this is possible after the operator has ceased to operate on the site. An environmental impact study and a Government permit are required before any exploration work can commence. Under the Oil and Gas Law of 2001, BPMIGAS has direct control over operators to ensure that they meet Government regulations. We are required to provide a report containing an environmental impact analysis to the Indonesian environmental agency at least two times a year. For certain areas, we are currently in the process of installing additional equipment in our producing fields to comply with the New Environmental Law. For details of the risks that we face if this deadline is not extended, see “Risk Factors — Risks Relating to the Oil, Gas and Geothermal Industry — Our compliance with or breach of environmental regulations in Indonesia and in the countries in which we operate could materially adversely affect our business, financial condition, results of operations and prospects”.

We paid compensation fees of approximately Rp. 550.0 million and incurred approximately Rp. 1.3 billion in remediation costs in connection with pollution caused by an oil spill at RU IV Cilacap in 2010.

Our 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. See “Risk Factors — Risks Relating to the Oil, Gas and Geothermal Industry — Our compliance with or breach of environmental regulations in Indonesia and in the countries in which we operate could materially and adversely affect our business, financial condition, results of operations and prospects”.

Legal Proceedings

We are involved in certain judicial and arbitral proceedings before Indonesian courts or arbitral bodies concerning matters arising in connection with the conduct of our business.

We believe, based on currently available information, that the results of our legal proceedings, in the aggregate, will not have a material adverse effect on our financial condition or operations.

MANAGEMENT

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

The rights and obligations of each member of the Board of Commissioners and Board of Directors are regulated by our articles of association and by the decisions of our shareholders in general meeting. Under our articles of association, the Board of Directors must consist of one or more members, one of which will be appointed as the President Director and the other one will be appointed as Vice President Director. Any of the President Director, the Vice President Director or one of the Directors (in the event the President Director and Vice President Director are unavailable, and as appointed in writing by the President Director) is entitled to act for and on behalf of our Company, provided that their actions have been approved in the meeting of Board of Directors. If there is no such written approval, the Director who has had the longest term of office may act on our behalf. The Board of Commissioners must consist of one or more Commissioners, one of which will be appointed as the President Commissioner.

Board of Commissioners

The principal function of the Board of Commissioners is to supervise the policy of the Board of Directors in connection with our business activities and to give advice to the Board of Directors in accordance with our articles of association, shareholder resolutions and prevailing rules and regulations.

Members of the Board of Commissioners are appointed and removed at a general meeting of shareholders and generally serve five year terms. The Board of Commissioners comprises six members.

The following table sets forth the current members of the Board of Commissioners.

Name	Position	Age	Appointed Since
Sugiharto	President Commissioner	57	May 2010
Evita Herawati Legowo	Commissioner	60	May 2010
Anny Ratnawati	Commissioner	50	May 2010
Nurdin Zainal	Independent Commissioner	61	May 2010
Luluk Sumiarso	Commissioner	60	May 2010
Harry Susetyo Nugroho	Commissioner	56	March 2012

Sugiharto was appointed to our Board of Commissioners in May 2010 and is currently President Commissioner. Mr. Sugiharto has served as President Commissioner of AJB Bumiputera 1912, as Commissioner of several private companies, and as Minister of State-Owned Enterprises. He received a Doctoral Degree from Gadjah Mada University in 2008, a Master in Business Administration from the Indonesian School of Management in 1996 and a Financial Management Degree from the University of Indonesia in 1986.

Evita Herawati Legowo was appointed to our Board of Commissioners in May 2010. Mrs. Herawati is currently the Director-General of Oil and Gas in the Ministry of Energy and Mineral Resources, and she has served as the Expert Staff to the Minister of Energy and Mineral Resources, and as the Head of PPTMGB at LEMIGAS. She received a Dr. Ing. in Oil Chemicals from Technische Universität Clausthal Germany in 1991.

Anny Ratnawati was appointed to our Board of Commissioners in May 2010. Mrs. Ratnawati is currently the Director-General of Budget in the Ministry of Finance. She has served as the Governor for Indonesia in the OPEC Fund for International Development, as Lecturer in the Study Program of Science and Development Economics in the Faculty of Economics and Management in Bogor Agricultural University, and as a Member of the National Social Security Board. She received a Ph.D. from Bogor Agricultural University in 1996, a M.Sc. from Bogor Agricultural University in 1989 and a Bachelor in Agribusiness from Bogor Agricultural University in 1985.

Nurdin Zainal was appointed as an Independent Commissioner in May 2010. Mr. Zainal has served as Head of Strategic Intelligence Body and as Intelligence Assistant in the Indonesian Armed Forces. He received a Master in Human Resources from Universitas Jayakarta in 2001 and a Bachelor in Management from Indonesia Open University in 1996.

Luluk Sumiarso was appointed to our Board of Commissioners in May 2010. Mr. Sumiarso has served as Commissioner of PT PUSRI, as Expert Staff to the Ministry of Energy and Mineral Resources, as Director-General of Oil and Gas in the Ministry of Energy and Mineral Resources and as Commissioner of PT Elnusa Tbk. He received a Master of Science in Energy Management and Policy from the University of Pennsylvania in 1987, a Master of Science in Instructional Technology from Syracuse University in 1979 and a Bachelor in Electronic Engineering from the Bandung Institute of Technology in 1976.

Harry Susetyo Nugroho was appointed to our Board of Commissioners in March 2012. Mr. Nugroho has served as the President Commissioner of PTPN XI, as Commissioner of PT Adhi Karya, as Expert Staff at the Ministry of State-Owned Enterprises and as Deputy of Logistics and Tourism at the Ministry of State-Owned Enterprises. He received a Master degree from the University of Denver in 1988 and a Bachelor in Industrial Engineering from the Bandung Institute of Technology in 1980.

Board of Directors

Members of the Board of Directors are elected for five year terms at a general meeting of shareholders. The Board of Directors is comprised of a President Director and Chief Executive Officer and seven other Directors. The Board of Directors is responsible for the management of our business.

The following table sets forth the current members of the Board of Directors.

Name	Office/Division	Age	Appointed Since
Karen Agustiawan	President Director and Chief Executive Officer	53	February 2009
M. Husen	Director, Upstream	55	May 2011
Chrisna Damayanto	Director, Refining	56	April 2012
Hari Karyuliarto	Director, Gas	49	April 2012
Hanung Budya Yuktyanta	Director, Marketing & Trading	53	April 2012
Luhur Budi Djatmiko	Director, General Affairs	56	April 2012
Evita Maryanti Tagor	Director, Human Resources	51	April 2012
M. Afdal Bahaudin	Director, Investment Planning & Risk Management	56	December 2011
Andri T. Hidayat	Director, Finance	53	December 2011

Karen Agustiawan was appointed as our President Director and Chief Operating Officer in February 2009. She has served as Commercial Manager for Consulting and Project Management at Halliburton Indonesia and as Expert Assistant to Chief Executive Officer and Corporate Senior Vice President, Upstream at our Company. She received a degree in Physics Engineering from the Industrial Engineering Faculty at the Bandung Institute of Technology in 1983.

Muhamad Husen was appointed as Director, Upstream in May 2011. Mr. Husen has held positions as Head of Explorations at LEMIGAS, Assistant Deputy of Oil, Energy and Mineral Resources and the Forestry Directorate at the Coordinating Ministry of Economics. He received a degree in Geology from the Bandung Institute of Technology in 1984 and a Master of Science from the University of London in 1989.

Chrisna Damayanto was appointed as Director, Refining in April 2012. Mr. Damayanto has held positions in our Company as Senior Vice President, Refining Operations in the Refining Directorate and General Manager, Refinery Unit IV, Cilacap. He received a degree in Mechanical Engineering from Sriwijaya University, Palembang in 1981.

Hari Karyuliarto was appointed as Director, Gas in April 2012. Mr. Karyuliarto has held positions in our Company as Corporate Secretary and Senior Vice-President, Gas. He has also served as President Director of Nusantara Gas Services, a joint venture between us and LNG Japan. He received a degree in International Law from Diponegoro University, Semarang in 1986 and a Master in Management from Gadjah Mada University in 1999.

Hanung Budya Yuktyanta was appointed as Director, Marketing & Trading in April 2012. Mr. Yuktyanta has served as Director and Chief Executive Officer of PT Badak NGL. He has also served in our Company as Senior Vice President, Marketing. He received a Master of Arts degree in Industrial Management from the Queensland University of Technology in 1998 and a degree in Industrial Technology from the University of Indonesia in 1998.

Luhur Budi Djatmiko was appointed as Director, General Affairs in April 2012. Mr. Djatmiko has held positions at our Company as Chief Audit Executive and Senior Manager, Finance. He received a Bachelor's degree in Economy Management from Brawijaya University, Malang in 1980.

Evita Maryanti Tagor was appointed as Director, Human Resources in April 2012. Ms. Tagor has served as President Director of PT Tugu Pratama Indonesia. She has also served in our Company as Senior Vice President, Treasury and Corporate Finance in the Finance Directorate. She received a degree in Accounting from the University of Indonesia in 1985 and a Magister Management degree from the University of Indonesia in 1998.

M. Afdal Bahaudin was appointed as Director, Investment Planning & Risk Management in December 2011. Mr. Bahaudin has held positions as President Director of our subsidiary, TPI, and as Senior Vice President Finance Operation and Vice President Risk Management & Assurance at our Company. He received a degree in Economics from Padjadiaran University, Indonesia in 1984 and a Master in Business Administration from the University of Illinois, U.S.A. in 1997.

Andri T. Hidayat was appointed as Director, Finance in December 2011. Mr. Hidayat has held positions as the Head of Internal Supervision and Finance Director at PT Pertamina EP and as Finance Director at PT Pertamina Geothermal Energy. He received a degree in Economics from Padjadiaran University, Indonesia in 1984 and Magister Management from the University of Indonesia, Jakarta in 1992.

Senior Management

The following table sets forth certain details of our senior management.

Name	Office/Division	Age	Appointed Since
Karen Agustiawan	President Director and Chief Executive Officer	53	February 2009
Taryono	Vice-President, Integrated Supply Chain	51	February 2011
Alan Frederik Panggabean	Chief Legal Counsel	53	May 2011
M. Husen	Director, Upstream	55	May 2011
Chrisna Damayanto	Director, Refining	56	April 2012
Hari Karyuliarto	Director, Gas	49	April 2012
Hanung Budya Yuktyanta	Director, Marketing & Trading	53	April 2012
Luhur Budi Djatmiko	Director, General Affairs	56	April 2012
Evita Maryanti Tagor	Director, Human Resources	51	April 2012
M. Afdal Bahaudin	Director, Investment Planning and Risk Management	56	December 2011
Andri T. Hidayat	Director, Finance	53	December 2011

Karen Agustiawan see "— Board of Directors".

Taryono was appointed as our Vice-President Integrated Supply Chain from February 2011. Mr. Taryono has served as a Vice President of Aviation of Downstream Directorate, Marketing and Trading at our Company. He received a Bachelor degree from Bandung Institute of Technology in 1985.

Alan Frederik Panggabean was appointed as our Chief Legal Counsel from May 2, 2011. Mr. Panggabean has served as Chief Legal Officer of BPMIGAS. He obtained a degree in Law from the University of Indonesia, Jakarta and a Masters of Law degree from the Southern Methodist University School of Law, Dallas, Texas.

M. Husen see "— Board of Directors".

Chrisna Damayanto see "— Board of Directors".

Hari Karyuliarto see "— Board of Directors".

Hanung Budya Yuktyanta see "— Board of Directors".

Luhur Budi Djatmiko see "— Board of Directors".

Evita Maryanti Tagor see "— Board of Directors".

M. Afdal Bahaudin see "— Board of Directors".

Andri T. Hidayat see "— Board of Directors".

The Audit Committee

The Audit Committee is headed by a member of the Board of Commissioners, who must be an independent commissioner, and must include at least two other persons. The current Head of the Audit Committee is Nurdin Zainal. The other members of the Audit Committee are Anny Ratnawati, M. Chatim Baidaie and Amor Kodrat. The Audit Committee supports the Board of Commissioners as a consulting, controlling and initiating body in the areas of communicating with internal and external auditors, supervising the independence and objectivity of the internal audit function, reviewing and assessing the independence of external auditors, reviewing and assessing financial reporting as well as assessing the adequacy and effectiveness of internal control systems.

The committee normally meets at least 12 times a year for the time necessary to fulfill its purpose, which is estimated to be no less than one hour, or more frequently as circumstances dictate. In 2011, the committee held 177 meetings, in connection with the restatement of the audited financial statements for the year ended December 31, 2010 and finalizing the audited financial statements for the year ended December 31, 2011 and other matters, lasting approximately two or more hours each.

The Investment and Risk Management Committee

The Investment and Risk Management Committee is headed by a member of the Board of Commissioners and must include at least two other persons. The current Head of the Investment and Risk Management Committee is Harry Susetyo Nugroho. The other members of the Investment and Risk Management Committee are Irwan Darmawan, Evita Herawati Legowo and Lukman Kartanegara. The Investment and Risk Management Committee proposes risk management guidelines to the Board of Commissioners and advises the Board of Commissioners on matters concerning investments and risk management.

The committee normally meets at least 12 times a year for the time necessary to fulfill its purpose, which is estimated to be no less than one hour, or more frequently as circumstances dictate. In 2011, the committee held 32 meetings, lasting approximately two or more hours each.

Compensation

Payment of compensation to the commissioners and directors is determined at the annual general meeting of shareholders. In 2011, total salaries paid to the commissioners and directors as a group was Rp. 174.2 billion (US$19.2 million).

RELATIONSHIP WITH THE GOVERNMENT

Overview

We are a profit-based, state-owned limited liability company *(Persero)*, created pursuant to the Oil and Gas Law of 2001 in conjunction with Government Regulation No. 31 of 2003 on the Transfer of Form of *Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina)* to *Perusahaan Perseroan (Persero)* ("GR 31"). Our formal establishment was through Deed of Establishment No. 20, dated September 17, 2003, drawn up before Lenny Janis Ishak, SH, Notary in Jakarta. Our establishment by the Government was conducted by way of a contribution in kind of all the Government's assets in PERTAMINA, including PERTAMINA's assets in its subsidiaries and joint venture companies at the time of the enactment date of GR 31 but excluding PERTAMINA's assets that had been transferred to BPMIGAS. One of the Government's objectives in establishing us as a limited liability company was to contribute to the public welfare of Indonesia by enhancing domestic economic activity.

History

Prior to our current form, we operated in Indonesia for more than 54 years through our various legal predecessors. We were first established on December 10, 1957, under the name *Perusahaan Minyak Nasional* ("PT PERMINA") pursuant to the Decree of Minister of Industry No. 3177/M and Decree of the Head of Staff of Army as the Central Commandant of War No. PRT/PM/017/1957, both dated October 15, 1957. This created the first national oil company of Indonesia.

In 1961, PT PERMINA was consolidated into a newly established company pursuant to Government Regulation No. 198 Year 1961, dated June 5, 1961, named *PN PERMINA (Perusahaan Negara Pertambangan Minyak Nasional)*. Further, in 1968, the Government established another new entity named *Perusahaan Negara Pertambangan Minyak dan Gas Bumi Nasional* (PN PERTAMINA), pursuant to Government Regulation No. 27 Year 1968, dated August 20, 1968, and consolidated both PN PERMINA as well as *Perusahaan Negara Pertambangan Minyak Indonesia* ("PN PERTAMIN"), which was another oil company established pursuant to Government Regulation No. 3 Year 1961, dated February 13, 1961. With the enactment of Law No. 8 Year 1971 regarding *Perusahaan Pertambangan Minyak dan Gas Bumi* ("Law No. 8/1971"), PN PERTAMINA was dissolved and all of its assets were contributed as the capital of the newly established company named PERTAMINA.

Within that period, the rights to explore and exploit crude oil and natural gas in Indonesia were delegated to us by the Government, as stipulated by Law No. 8/1971. As a representative of the Government, we acted as the sole holder of the mine concession right for all oil and gas areas under the jurisdiction of the Republic of Indonesia. In order to conduct the exploration and exploitation of oil and gas mining, we entered into contracts with third party contractors in the form of PSCs and other production sharing arrangements. Within this period, we also regulated all aspects of the oil and gas industry in Indonesia.

In 2001, the Oil and Gas Law of 2001 was enacted, terminating the exclusive rights held by PERTAMINA. Under the Oil and Gas Law of 2001, BPMIGAS and BPH MIGAS were established to regulate the upstream and downstream sectors of the Indonesian oil and gas industry. With the dissolution of PERTAMINA and the establishment of our Company in 2003, we became a state-owned limited liability company. Further, as a result, we restructured our business into upstream and downstream sectors operated through separate directorates and subsidiaries. See "Indonesian Regulatory Framework" for more information about the Indonesian oil and gas regulatory framework and "Corporate Structure" for more information on our subsidiaries.

Government as Shareholder

The Government owns 100% of our issued share capital. Our authorized share capital is Rp. 200,000 billion and our initial issued and paid up capital was Rp. 100,000 billion as reflected in our deed of establishment and our interim opening balance (*neraca pembukaan sementara*). Our issued and paid up capital was Rp. 82,569.8 billion pursuant to Minister of Finance Decree No.23/KMK.06/2008 dated January 30, 2008 which was retrospectively applied to 2003.

As our sole shareholder, the Government is entitled to receive dividend payments from us on an interim or annual basis. In 2011 and 2010, we received letters from the Minister of State-Owned Enterprises, declaring final dividends of Rp. 7,123.1 billion (US$785.5 million) for 2010 and Rp. 7,103.5 billion for 2009, respectively, to the Government. For 2012, the Government is targeting us to pay 50% of our projected profits to the Government as dividends.

As we are wholly-owned by the Government, our commissioners and directors are appointed by the Government, through the Ministry of State-Owned Company, based on merit.

In 2008, the Government approved our conversion to a non-listed public company, which requires, among other things, the submission of a registration statement to the Indonesian Capital Markets and Financial Institution Supervisory Board and a Government Regulation to enact the change of status. The decision to convert our Company to a non-listed public company is intended to improve our transparency and subject us to higher corporate governance standards.

Government as Regulator

The Government divides the oil and gas industry into upstream and downstream sectors. The upstream sector is controlled by BPMIGAS, on behalf of the Government, as the holder of the exclusive mine concession rights in Indonesia. The downstream sector is regulated by BPH MIGAS, an independent governmental agency tasked with the supervision and regulation of downstream operations in Indonesia. The objective of BPH MIGAS is to ensure the availability and distribution of refined oil products throughout Indonesia and to promote gas utilization in the domestic market.

The DGOG is the regulator of general policies in relation to the upstream and downstream sectors. The DGOG is authorized to formulate the policies and regulations relating to oil and gas in Indonesia. In order to carry out its duties, the DGOG may, among other things, prepare and implement policies on oil and gas, specify the standards, norms, guidelines, criteria and procedures for the oil and gas industry; and provide technical and evaluation guidance to oil and gas companies.

The policies set forth by BPMIGAS, BPH MIGAS, and the DGOG impact many of our business activities. Any changes in these policies could have a significant effect on our competitive position, operations and financial condition. See “Risk Factors — Risks Relating to the Oil, Gas and Geothermal Industry — Increased regulation by governments and governmental agencies may increase the cost of regulatory compliance and limit our access to new exploration properties” for information on the risks which we face in connection with such regulation. Also, see “Indonesian Regulatory Framework” for more information on the oil and gas industry in Indonesia.

Certain Government agencies have different supervisory roles in relation to our business activities. The DGOG, BPMIGAS, and BPH MIGAS are our main regulators. The DGOG creates policies and regulations relating to health, safety and the environment, as well as issuing operating licenses. The Ministry of the Environment monitors the compliance of our business activities with the prevailing environmental laws and regulations. BPMIGAS and BPH MIGAS regulate our upstream and downstream oil and gas businesses. The Parliament reviews and approves the State Budget, which includes the subsidies to be paid to us pursuant to our PSO mandate. The Ministry of State-Owned Company approves our annual budget, including the amount of our subsidies pursuant to our PSO mandate, at our shareholders' meetings and our long-term investments and funding plans. The Ministry of Finance monitors our finances and provides offshore loans, grants and subsidies to us. The Ministry of Finance and BAPPENAS approve investment projects which form part of the Government budget. See "— Government as Lender".

The PSO mandate to distribute subsidized fuel in specified regions of Indonesia is granted by the Government on an annual basis. Our PSO mandate was renewed by the Government in 2012 for another year. Under our PSO mandate, we are obliged to distribute kerosene, diesel and certain grades of motor gasoline within Indonesia. Pursuant to the PSO mandate, we are entitled to receive payment from the Government as a reimbursement of subsidized fuel price, pursuant to the prevailing laws and regulations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — PSO Mandate" for details of our PSO compensation. The PSO mandate is not assignable. The PSO mandate is not exclusive; if there is scarcity of a PSO product within an area, BPH MIGAS can appoint other business entity to assist us to overcome the shortage.

Since 2007, we were assigned responsibility by the Government to distribute LPG in 3kg cylinders in connection with the kerosene conversion program. Under the terms of this assignment, we are entitled to receive compensation based on a reimbursement of costs and a profit margin from the Government. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — PSO Mandate" for details of our compensation for distribution of LPG on behalf of the Government.

The Government supervises the activities in relation to geothermal resources through the Directorate General of New Energy, Renewable Energy and Energy Conservation (a directorate under the Ministry of Energy and Mineral Resources), through the issuance of policies and regulations.

Government as Partner

We, through our direct and indirect subsidiaries, have entered into cooperation contracts with BPMIGAS, as the representative of the Government, to conduct oil and gas upstream activities over a designated block that spans much of Indonesia. The term of a cooperation contract is 30 years from its date. See "Business — Pertamina Upstream Business" for a description of our operations, including those under cooperation contracts.

Under the terms of the cooperation contract, BPMIGAS is responsible for the supervision of the working area, while we are responsible for the operation of the working area. We contribute funding, technical skill and expertise, as well as bear the risk of operations in the working area. For cooperation contracts entered into prior to the enactment of the Oil and Gas Law of 2001, approximately 33% of the crude oil and gas produced is allocated to BPMIGAS and approximately 67% is allocated to us after cost recovery and we are compensated for DMO at the market rate. For cooperation contracts entered into after the enactment of the Oil and Gas Law of 2001, approximately 85% of the crude oil and gas produced is allocated to BPMIGAS and approximately 15% of is allocated to us after cost recovery and tax and we are compensated for DMO at a reduced price which is less than the market rate and varies between cooperation contracts.

Pursuant to a letter dated February 1, 2005, BPMIGAS has appointed us as its selling agent with respect to its crude oil entitlement under cooperation contracts and we are entitled to receive fees as compensation. Under this agreement, we are obligated to sell the entire portion of such crude oil and natural gas entitlement on its behalf and remit the proceeds to BPMIGAS.

Government as Lender

We have received financing from the Government in the form of a two-step loan from OECF. The Government originally lent to OECF an amount of ¥11,816,000,000, pursuant to a loan agreement between the Government and OECF dated November 29, 1994. We, in turn, borrowed ¥1,172,872,837 from OECF under a two-step loan agreement dated May 7, 2007 among us as borrower, the Government as co-obligor and OECF as lender. The proceeds of this loan were used to finance the construction of the Airport Fuel Filling Depot of Ngurah Rai International Airport in Bali. The two-step loan matures 30 years from November 29, 1994, the date of the loan agreement between the Government and OECF. There is no collateral given by our Company for the two-step loan, as the Government remains the primary obligor of the loan. The two-step loan bears interest at 3.1% per annum. Any late principal payments will be subject to a 2% per annum penalty.

The two-step loan accounts for less than 0.1% of our total liabilities as of December 31, 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness".

Government as Customer

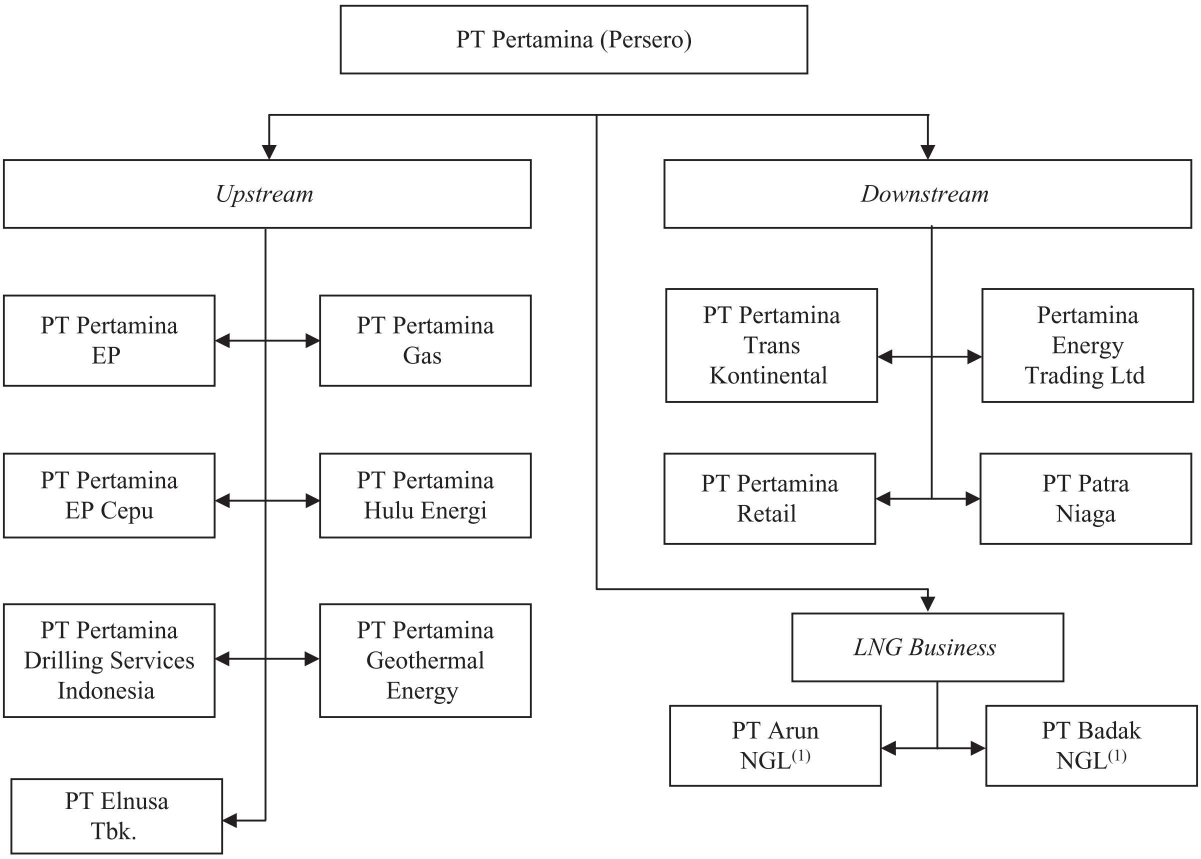
A number of other state-owned companies controlled by the Government (including PT PLN (Persero), PT Timah (Persero) Tbk, and Garuda) purchase fuel from us. Further, we supply our fuel to Government offices, such as the Indonesian police and the Indonesian Armed Forces. Our customers who are state-owned companies and Government offices purchase fuel from us on an arms'-length basis, based on market pricing for such fuel.

As of December 31, 2011, we had trade receivables of Rp. 32,116.7 billion (US$3,541.8 million) approximately 61.3% of which was owed to us by our related parties. Out of the Rp. 32,116.7 billion of trade receivables owed to us, Rp. 13,869.0 billion (US$1,529.4 billion) is owed to us by PLN and its subsidiaries and Rp. 3,886.0 billion (US$428.5 million) is owed to us by the Indonesian Police and the Armed Forces. As of December 31, 2011, we have made provisions for impairment of Rp. 340.9 billion (US$37.6 million) against trade receivables owed to us by our related parties. Rp. 244.1 billion (US$26.9 million) of such trade receivables have been outstanding for over two years. See "Risk Factors — Risks Relating to Our Company — We are exposed to credit risk on our trade receivables", "Risk Factors — Risks Relating to Our Downstream Operations — We are dependent on certain key Government-owned customers and the loss of, or a significant reduction in, purchases by such customers could adversely affect our business", and "Management's Discussion And Analysis of Financial Condition and Results of Operations — Market Risks — Counterparty and Concentration of Credit Risks".

CORPORATE STRUCTURE

We have an operating history of more than 54 years and were established on December 10, 1957 under the name PT PERMINA. In 1961, we changed our name to PN PERMINA and, after our merger with PN PERTAMIN in 1968, became PN PERTAMINA. With the enactment of Law 8 of 1971, we became PERTAMINA. This name persisted until we changed our legal status to an Indonesian limited liability company under Deed of Establishment No. 20 dated September 17, 2003 drawn up before Lenny Janis Ishak, SH, Notary in Jakarta, which was approved by the Minister for Law & Human Rights under its Decision No. C-24025 HT.01.01.TH.2003 on October 9, 2003 and we became PT Pertamina (Persero).

The following chart sets forth our key operating companies by business segments. This chart does not show all of our subsidiaries and associates. For a more complete discussion of our direct and indirect subsidiaries and affiliates, please refer to Note 1.b. of our consolidated financial statements for the year ended December 31, 2011, included elsewhere in this Offering Memorandum.



Source: Pertamina

Note:

(1) We operate PT Arun NGL and PT Badak NGL on behalf of the Government but do not have management control over the assets of these entities.

We are required under the Oil and Gas Law of 2001, to operate the upstream and downstream sectors of our business through separate legal entities. Following the enactment of the Oil and Gas Law of 2001, we restructured our business and as a result, our upstream assets, operations and joint ventures, our downstream gas business and our supporting business units for our upstream and downstream operations and our non-core businesses are held and operated through subsidiaries of our Company. Our upstream business development unit, the majority of our downstream assets, operations and joint ventures and our LNG business continue to be held and operated through our Company.

The following table sets forth our core subsidiaries and associates and their respective businesses.

Subsidiaries and Associates	Business
PT Pertamina EP	Exploration, development and production of crude oil and natural gas in our wholly-owned oil and gas fields.
PT Pertamina Hulu Energi	Exploration, development and production of crude oil and natural gas in certain of our partially-owned assets in Indonesia and internationally, in Australia, Iraq, Malaysia, Qatar, Sudan and Vietnam.
PT Pertamina EP Cepu[(1)]	Holding our 45% participating interest in the Cepu block.
PT Pertamina Geothermal Energy	Exploration, development and production of geothermal energy from our geothermal work areas for power generation, as well as building and operating geothermal power plants and selling electricity generated by our geothermal power plants.
PT Pertamina Gas	Trading, storing and transportation of natural gas through pipelines.
PT Pertamina Drilling Services Indonesia	Operation of our drilling services business, which primarily supports our upstream drilling activities, and providing integrated project management and rental of drilling tools.
PT Elnusa Tbk.	Conducting integrated upstream oil and gas services such as geophysical data services, drilling services and oilfield services and downstream oil and gas services such as storing, trading, distributing and marketing oil and gas products in Indonesia.
PT Arun NGL	Operator of the Arun LNG plant in Arun, North Sumatra. We operate PT Arun NGL and PT Badak NGL on behalf of the Government but do not have management control over the assets of these entities.
PT Badak NGL	Operator of the Bontang LNG plant in Badak, East Kalimantan.
PT Pertamina Retail	Management of our fuel stations for the marketing and trading of retail vehicle fuel.
PT Patra Niaga	Operation of our downstream business relating to the trading of fuel.
Pertamina Energy Trading Ltd.	Trading of crude oil and refined products as well as other products such as LPG, LNG, petrochemical products and green coke and engage in other downstream businesses such as storage, LNG and crude oil refining and shipping.
PT Pertamina Trans Kontinental	Provision of shipping and maritime services and management of our chartered shipping fleet.

Note:

(1) Under the Oil and Gas Law of 2001 and Upstream Regulation, our interests in any new oil and gas work areas are required to be held through separate legal entities and we established this subsidiary to hold our interest in the Cepu block which was acquired after the Oil and Gas Law of 2001 and Upstream Regulation came into force. We intend to establish new subsidiaries to hold interests in any new oil and gas work areas we acquire in the future.

We have certain other non-key subsidiaries and joint ventures through which we hold assets and participate in other non-core businesses. See "Business — Other Businesses".

DESCRIPTION OF THE 2022 NOTES

For purposes of this "Description of the 2022 Notes," the term "Company" refers only to PT Pertamina (Persero), a state-owned company incorporated with limited liability under the laws of Indonesia, and any successor obligor on the Notes, and not to any of its Subsidiaries, the term "Indenture" refers only to the 2022 Indenture (as defined below) and the term "Notes" refers only to the 2022 Notes. The 2022 Notes are to be issued under an indenture (the "2022 Indenture"), to be dated as of the Original Issue Date, between the Company and HSBC Bank USA, National Association, as trustee (the "Trustee").

The following is a summary of certain provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. It does not restate the provisions of the Indenture or the Notes in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date during normal office hours at the corporate trust office of the Trustee at 452 Fifth Avenue, New York, New York 10018-2706.

Brief Description of the Notes

The Notes will:

(a) be direct, unsecured and unsubordinated obligations of the Company;

(b) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;

(c) rank at least *pari passu* in right of payment with all other unsecured and unsubordinated Debt of the Company (subject to any priority rights of such unsubordinated Debt pursuant to applicable law); and

(d) will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.

The Company will initially issue US$1,250,000,000 in aggregate principal amount of the Notes, which will mature on May 3, 2022 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows the Company to issue additional Notes from time to time ("Additional Notes"), subject to certain limitations described under "— Further Issues" and applicable law. The Notes offered hereby and any Additional Notes may be treated as a single class for all purposes under the Indenture.

Interest

The Notes will bear interest at 4.875% 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 3 and November 3 of each year (each an "Interest Payment Date") commencing November 3, 2012. Interest on the Notes will be paid to Holders of record at the close of business on each April 18 or October 18 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Notes

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment, then payment of principal, premium, if any, or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "— Book-Entry; Delivery and Form". No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Company at the office or agency of the Company maintained for that purpose in New York (which initially will be the corporate trust administration office of HSBC Bank USA, National Association (the "Paying Agent"), currently located at 452 Fifth Avenue, New York, New York 10018-2706), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

Further Issues

Subject to the covenants described below, the Company may, from time to time, without notice to or the consent of the Holders, issue Additional Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that, in order for Additional Notes to have the same CUSIP, ISIN, or other identifying number as the outstanding Notes,

(i) both the Additional Notes and the outstanding Notes must be issued with no (or less than a de minimis amount of) original issue discount, (ii) the Additional Notes must be issued within 13 days of the issuance date of the outstanding Notes, or (iii) the Additional Notes must be issued pursuant to a "qualified reopening," in each case, for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

(a) the Company shall have delivered to the Trustee an Officers' Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture; and

(b) the Company shall have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, (i) that the issuance of the Additional Notes does not conflict with applicable law and (ii) that such Additional Notes will constitute legally valid and binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control Triggering Event, the Company 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 the Offer to Purchase Payment Date.

The Company will agree in the Indenture that it will timely repay all Debt or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding these agreements, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Debt, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Debt, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, the Company would continue to be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future Debt of the Company or its Subsidiaries may also (1) prohibit the Company from purchasing the Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require the repayment or repurchase of such Debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Debt, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company or its Subsidiaries. The ability of the Company to pay cash to Holders of the Notes following the occurrence of a Change of Control Triggering Event may be limited by the financial resources then available to the Company. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control or otherwise as required by the Indenture governing the Notes".

Except as described above with respect to a Change of Control Offer, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sinking Fund

There will be no sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium, if any, and interest on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or the Surviving Person is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) or through which payment is made on behalf of the Company or the Surviving Person (each, as applicable, a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In such event, the Company or the Surviving Person, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required, provided 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 and the Relevant Taxing Jurisdiction including, without limitation, such Holder or beneficial owner being or having been a citizen or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note, the receipt of payments thereunder or enforcing payment under the Note;

(B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Company or the Surviving Person, as the case may be, addressed to the Holder, to provide information to the Company or the Surviving Person concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Taxing Jurisdiction, if and to the extent that due and timely compliance with such request is required under the laws of a Relevant Taxing Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Taxing Jurisdiction, unless such withholding or deduction could not have been avoided by presenting the Note for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charge;

(iii) any withholding or deduction in respect of any tax, duty, assessment or other governmental charge where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives;

(iv) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest or any premium on the Note; or

(v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note to such Holder, if the Holder is a fiduciary, corporation, limited liability company, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a shareholder of that corporation, a member of that partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, shareholder, partner, or beneficial owner been the Holder thereof; or

(c) any combination of clauses (a) and (b).

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, such mention will be deemed to include payments of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Company or the Surviving Person, as a whole but not in part, 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 Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(a) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder of a Relevant Taxing Jurisdiction affecting taxation; or

(b) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice),

which change or amendment becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes or the Indenture (or, if the Relevant Taxing Jurisdiction was not a Relevant Taxing Jurisdiction on the Original Issue Date, the date on which such jurisdiction became a Relevant Taxing Jurisdiction under the Indenture) the Company or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by taking reasonable measures (including an appointment of a new paying agent) by the Company or the Surviving Person, as the case may be; provided that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; provided further that where any such requirement to pay Additional Amounts is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), the Company or the Surviving Person shall be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which Additional Amounts are required is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee:

(a) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company, taking reasonable measures available to it; and

(b) an Opinion of Counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction stating that the requirement to pay such Additional Amounts, and withhold or deduct such taxes, duties, assessments or other government charges results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, and it will be conclusive and binding on the Holders. The Trustee will not investigate or verify such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Negative Pledge

So long as any of the Notes are outstanding, the Company will not create or permit to subsist, and the Company will ensure that none of its Subsidiaries that own a Principal Property (each, a "Material Subsidiary") will create or permit to subsist, any Lien for the benefit of the holders of any Securities upon the whole or any part of its property or assets, present or future, to secure: (i) payment of any sum due in respect of any Securities; (ii) any payment under any guarantee of any Securities; or (iii) any indemnity or other like obligation in respect of any Securities, without in any such case (x) at the same time according to the Notes the same Liens as are granted to or are outstanding in respect of such Securities or (y) providing such other Lien for the Notes as may be approved by the holders of the Notes; provided, however, that the foregoing restriction shall not apply to:

(a) any Lien existing at the time of acquisition of any property by the Company provided that such Lien was not created in contemplation of such acquisition or in connection therewith and the principal, capital or nominal amount of the indebtedness secured by such Lien outstanding at the time of such acquisition is not increased; or

(b) any Lien arising out of the refinancing, extension or renewal, in whole or in part, of a Lien permitted under clause (a) above or any Securities secured by any Lien permitted by the preceding clause, to the extent of the amount of such Securities; provided that such Securities are not secured by any additional property or assets.

Use of Proceeds

The Company will use the proceeds received from the Notes as set forth in this Offering Memorandum under the caption "Use of Proceeds".

Provision of Financial Statements and Reports

For so long as any of the Notes remain outstanding, the Company will file with the Trustee:

(a) as soon as they are available, but in any event within 120 calendar days after the end of its fiscal year, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 60 calendar days after the end of each of its first, second and third fiscal quarters, copies of its financial statements (on a consolidated basis) in respect of such period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with its audited financial statements, together with a certificate signed by the Person then authorized to sign financial statements on behalf of it, to the effect that such financial statements are true in all material respects and present fairly its financial position as at the end of, and the results of its operations for, the relevant quarterly period; and

(c) promptly and in any event within 15 days after it obtains actual knowledge of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes an Event of Default and an Officer's Certificate setting forth the details thereof and the action it is taking or proposes to take with respect thereto.

Further, the Company has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Company is neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(c) default in the performance of or breaches of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets" or fails to make or consummate an Offer to Purchase in the manner described under the caption "— Repurchase of Notes Upon a Change of Control";

(d) default in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the outstanding Notes;

(e) there occurs with respect to any Debt of the Company or any of its Material Subsidiaries having an outstanding principal amount of US$50.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Debt of all such Persons, whether such Debt now exists or will hereafter be created, (A) an event of default that has caused the holder thereof to declare such Debt to be due and payable prior to its Stated Maturity or (B) the failure to make a payment of principal (subject to the applicable grace period in the relevant documents) of such Debt when the same becomes due;

(f) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Material Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$50.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Company or any Material Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for any substantial part of the property and assets of the Company or any Material Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Material Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or

(h) the Company or any Material Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for all or substantially all of the property and assets of the Company or any Material Subsidiary or (iii) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and the Trustee, may on behalf of all of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect to the Notes if:

(a) the Company pays or deposits with the Trustee a sum sufficient to pay all monies then due with respect to the Notes (other than amounts due solely because of such declaration of acceleration) and all other existing Events of Default have been cured or waived, and

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not pursue or institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(a) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(e) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee, on or before a date not more than 120 calendar days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Subsidiaries and the Company's performance under the Indenture and the Notes and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets, computed on a consolidated basis with its Subsidiaries, (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(a) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of the jurisdiction in which it is organized and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts, and the Indenture and the Notes will remain in full force and effect;

(b) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(c) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that the relevant supplemental indenture is enforceable.

For purposes of this covenant, the conveyance, transfer or lease of all or substantially all of the property or assets of one or more Subsidiaries of the Company, which constitutes all or substantially all of the property or assets of the Company and its Subsidiaries on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the property or assets of the Company.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below and payments of all amounts due to the Trustee, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust and to pay Additional Amounts) if, among other things:

(a) the Company has (i) deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (ii) delivered to the Trustee (x) a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and (y) an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in such trust;

(b) the Company has delivered to the Trustee (i) either (x) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "— Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Company or the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (ii) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) the Company 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; and

(d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Material Subsidiary is a party or by which the Company or any Material Subsidiary is bound.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture may be amended, without the consent of any Holder of Notes, to:

(a) cure any ambiguity, defect or inconsistency in the Indenture or the Notes;

(b) comply with the provisions described under "Certain Covenants — Consolidation, Merger and Sale of Assets";

(c) evidence and provide for the acceptance of appointment by a successor Trustee;

(d) add any guarantor or guarantee with respect to the Notes;

(e) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(f) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(g) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC;

(h) provide collateral to secure the Notes;

(i) make any other change that does not materially and adversely affect the rights of any Holder of Notes;

(j) comply with the rules of any applicable securities depositary; or

(k) conform the text of the Indenture or the Notes to any provision of this "Description of the 2022 Notes" to the extent that such provision in this "Description of the 2022 Notes" was intended to be a verbatim recitation of a provision of the Indenture or the Notes.

Amendments With Consent of Holders

Except as provided below, amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture or the Notes; 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;

(e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture, to waive compliance with certain provisions of the Indenture or to waive certain defaults;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) amend, change or modify (i) the obligation of the Company in respect of the due and punctual payment of the principal of, premium, if any, or interest on, any Note; (ii) the obligation of the Company to pay Additional Amounts, or (iii) the ranking of the Notes, in each case, in a manner that adversely affects the Holders; or

(h) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased as described above under the captions "— Repurchase of Notes Upon a Change of Control," or "— Redemption for Taxation Reasons."

No Personal Liability of Incorporators, Shareholders, 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 Company in the Indenture, or in any of the Notes or because of the creation of any Debt represented thereby, will be had against any incorporator, shareholder, officer, director, employee or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the applicable securities laws.

Concerning the Trustee and the Paying Agent

HSBC Bank USA, National Association is to be appointed as Trustee under the Indenture and as registrar and Paying Agent. 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. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company, 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 is permitted to engage in other transactions with the Company and its Affiliates; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Company and is entitled to rely exclusively on the certification contained therein. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company in the fulfillment of its obligations under the Indenture and the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a “Regulation S Global Note”) and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a “Restricted Global Note”; and together with the Regulation S Global Notes, the “Global Notes”) and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under “Transfer Restrictions.”

Notes transferred to institutional “accredited investors” (as defined in Rule 501(a) (1), (2), (3) or (7) of Regulation D under the Securities Act (an “Institutional Accredited Investor”)) who are not qualified institutional buyers (“Non-Global Purchasers”) will be in registered form without interest coupons (“Certificated Notes”). Upon the transfer of Certificated Notes initially issued to a Non-Global Purchaser to a qualified institutional buyer or in accordance with Regulation S, such Certificated Notes will, unless the relevant Global Note has previously been exchanged in whole for Certificated Notes, be exchanged for an interest in a Global Note. For a description of the restrictions on the transfer of Certificated Notes, see “Transfer Restrictions”.

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“participants”) or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Company, the Trustee nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Company expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Company within 90 days, the Company will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions", in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

DTC: DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal

Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the initial purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. 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 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 or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company or the Trustee) addressed to the Company or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Language

The Notes and the Indenture will be executed in both English and Bahasa Indonesia to comply with Law 24 of 2009 regarding Flag, Language, National Emblem and National Anthem enacted July 9, 2009, and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail. See "Risk Factors — Risks Relating to the Notes — The Indenture and certain other documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia as required under Indonesian Law. However, there can be no assurance that, in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court would hold that the English language versions of such documents would prevail."

Consent to Jurisdiction; Service of Process

The Company will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes or the Indenture or any transaction contemplated thereby and (ii) designate and appoint CT Corporation System, located at 111 Eighth Avenue, New York, NY 10011, for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law principles thereof.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the 2022 Notes" for which no definition is provided.

"Affiliate" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a commissioner, director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore or Indonesia or the city where the corporate trust office of the Trustee is then located) are authorized by law or governmental regulation to close; provided that, solely for purposes of determining the date of any payment to be made on any Note, "Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, Indonesia or the place in which payments on the Notes are to be made are authorized by law or governmental regulation to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter.

"Change of Control" means the occurrence of any event resulting in the government of the Republic of Indonesia ceasing to own and control (directly or indirectly or in combination) more than 50% of the Company's issued and paid-up shares.

"Change of Control Triggering Event" means a Change of Control, provided that, in the event that the Notes are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change Of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg or any successor thereof.

"Debt" means, with respect to any Person as of any date of determination, without duplication, (i) all obligations, contingent or otherwise, of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments, (iv) all obligations of such Person to pay the unpaid purchase price of any property or service, (v) all obligations secured by a Lien on any property or asset of such Person, whether or not such obligations are assumed by such Person and (vi) all obligations of others guaranteed by such Person to the extent of such guarantees and, for clauses (i) through (vi), which has a final maturity of one year or more. The amount of Debt of any Person as of any date of determination shall be the outstanding balance at such date of all unconditional obligations as described above, the maximum liability of such Person for any such contingent obligations at such date and, in the case of clause (vi), the lesser of the fair market value (as determined in good faith by the board of directors of such Person) at such date of the property or asset of such Person subject to a Lien securing the obligations of others and the amount of such obligations secured.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"DTC" means The Depository Trust Company and its successors.

"Euroclear" means Euroclear Bank S.A./N.V. or any successor thereof.

"GAAP" means generally accepted accounting principles in Indonesia as in effect from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Investment Grade" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of "Aaa", "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns; a rating of "BBB-" or better by Fitch or any of its successors or assigns; or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody's, or Fitch or any combination thereof, as the case may be.

"Lien" means any mortgage, pledge, fiducia, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind but excluding liens arising by operation of law).

"Note Documents" means the Indenture and the Notes.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by the Company 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:

(a) 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;

(b) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(c) that any Note not tendered will continue to accrue interest pursuant to its terms;

(d) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;

(e) 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 Paying 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;

(f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the 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;

(g) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof; and

(h) the CUSIP number(s) of the Notes.

One Business Day prior to the Offer to Purchase Payment Date, the Company will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company will (a) accept for payment on a pro rata basis 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 Company. The Paying Agent will promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company 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 relevant Offer to Purchase, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes or the Indenture by virtue of their compliance with such securities laws or regulations.

"Officer" means one of the executive officers or directors of the Company. "Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel which opinion is reasonably acceptable to the Trustee that meets the requirements of the Indenture; provided that legal counsel shall be entitled to rely on a certificate of the Company as to matters of fact.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture. "Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal Property" means any asset or property of the Company or a Subsidiary whether at the date of initial issuance of the Notes owned or thereafter acquired (other than any such asset or property, or portion thereof, reasonably determined by the Company not to be of material importance to the total business conducted by the Company and its Subsidiaries, taken as a whole).

"Rating Agencies" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("S&P"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("Moody's"); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors ("Fitch"); and (iv) if one or more of S&P, Moody's or Fitch or shall not make a rating of the Notes publicly available, a United States nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

"Rating Date" means, in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control.

"Rating Decline" means, in connection with a Change of Control Triggering Event, the occurrence on, or within 90 days after, the date, or public notice of the occurrence of, a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of the following event: the Notes are (a) on the Rating Date rated Investment Grade by at least two Rating Agencies and (b) cease to be rated Investment Grade by at least two of such Rating Agencies.

"Securities" means bonds, debentures, notes or other similar securities having an original maturity of more than one year from its date of issue which (1) are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market, and (2) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than Rupiah or (B) are denominated in Rupiah and more than 50% of the aggregate principal amount of the offering of such international investment securities is initially distributed outside Indonesia by or with the Company's consent.

"Stated Maturity" means, (1) with respect to any Debt, the date specified in such debt security as the fixed date on which the final installment of principal of such Debt is due and payable as set forth in the documentation governing such Debt and (2) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Debt.

"Subsidiary" means (i) any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company or (ii) any subsidiary subject to consolidation with the Company's financial statements under GAAP.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary by such Person or one or more Wholly Owned Subsidiaries of such Person.

DESCRIPTION OF THE 2042 NOTES

For purposes of this "Description of the 2042 Notes," the term "Company" refers only to PT Pertamina (Persero), a state-owned company incorporated with limited liability under the laws of Indonesia, and any successor obligor on the Notes, and not to any of its Subsidiaries, the term "Indenture" refers only to the 2042 Indenture (as defined below) and the term "Notes" refers only to the 2042 Notes. The 2042 Notes are to be issued under an indenture (the "2042 Indenture"), to be dated as of the Original Issue Date, between the Company and HSBC Bank USA, National Association, as trustee (the "Trustee").

The following is a summary of certain provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. It does not restate the provisions of the Indenture or the Notes in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date during normal office hours at the corporate trust office of the Trustee at 452 Fifth Avenue, New York, New York 10018-2706.

Brief Description of the Notes

The Notes will:

(a) be direct, unsecured and unsubordinated obligations of the Company;

(b) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;

(c) rank at least *pari passu* in right of payment with all other unsecured and unsubordinated Debt of the Company (subject to any priority rights of such unsubordinated Debt pursuant to applicable law); and

(d) will be effectively subordinated to its secured obligations and the obligations of its subsidiaries.

The Company will initially issue US$1,250,000,000 in aggregate principal amount of the Notes, which will mature on May 3, 2042 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows the Company to issue additional Notes from time to time ("Additional Notes"), subject to certain limitations described under "— Further Issues" and applicable law. The Notes offered hereby and any Additional Notes may be treated as a single class for all purposes under the Indenture.

Interest

The Notes will bear interest at 6.0% 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 3 and November 3 of each year (each an "Interest Payment Date") commencing November 3, 2012. Interest on the Notes will be paid to Holders of record at the close of business on each April 18 or October 18 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Notes

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment, then payment of principal, premium, if any, or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "— Book-Entry; Delivery and Form". No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Company at the office or agency of the Company maintained for that purpose in New York (which initially will be the corporate trust administration office of HSBC Bank USA, National Association (the "Paying Agent"), currently located at 452 Fifth Avenue, New York, New York 10018-2706), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

Further Issues

Subject to the covenants described below, the Company may, from time to time, without notice to or the consent of the Holders, issue Additional Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that, in order for Additional Notes to have the same CUSIP, ISIN, or other identifying number as the outstanding Notes,

(i) both the Additional Notes and the outstanding Notes must be issued with no (or less than a de minimis amount of) original issue discount, (ii) the Additional Notes must be issued within 13 days of the issuance date of the outstanding Notes, or (iii) the Additional Notes must be issued pursuant to a "qualified reopening," in each case, for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

(a) the Company shall have delivered to the Trustee an Officers' Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture; and

(b) the Company shall have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, (i) that the issuance of the Additional Notes does not conflict with applicable law and (ii) that such Additional Notes will constitute legally valid and binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control Triggering Event, the Company 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 the Offer to Purchase Payment Date.

The Company will agree in the Indenture that it will timely repay all Debt or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding these agreements, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Debt, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Debt, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, the Company would continue to be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future Debt of the Company or its Subsidiaries may also (1) prohibit the Company from purchasing the Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require the repayment or repurchase of such Debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Debt, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company or its Subsidiaries. The ability of the Company to pay cash to Holders of the Notes following the occurrence of a Change of Control Triggering Event may be limited by the financial resources then available to the Company. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control or otherwise as required by the Indenture governing the Notes".

Except as described above with respect to a Change of Control Offer, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sinking Fund

There will be no sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium, if any, and interest on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or the Surviving Person is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) or through which payment is made on behalf of the Company or the Surviving Person (each, as applicable, a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In such event, the Company or the Surviving Person, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required, provided 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 and the Relevant Taxing Jurisdiction including, without limitation, such Holder or beneficial owner being or having been a citizen or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note, the receipt of payments thereunder or enforcing payment under the Note;

(B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Company or the Surviving Person, as the case may be, addressed to the Holder, to provide information to the Company or the Surviving Person concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Taxing Jurisdiction, if and to the extent that due and timely compliance with such request is required under the laws of a Relevant Taxing Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Taxing Jurisdiction, unless such withholding or deduction could not have been avoided by presenting the Note for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charge;

(iii) any withholding or deduction in respect of any tax, duty, assessment or other governmental charge where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives;

(iv) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest or any premium on the Note; or

(v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note to such Holder, if the Holder is a fiduciary, corporation, limited liability company, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a shareholder of that corporation, a member of that partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, shareholder, partner, or beneficial owner been the Holder thereof; or

(c) any combination of clauses (a) and (b).

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, such mention will be deemed to include payments of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Company or the Surviving Person, as a whole but not in part, 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 Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(a) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder of a Relevant Taxing Jurisdiction affecting taxation; or

(b) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice),

which change or amendment becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes or the Indenture (or, if the Relevant Taxing Jurisdiction was not a Relevant Taxing Jurisdiction on the Original Issue Date, the date on which such jurisdiction became a Relevant Taxing Jurisdiction under the Indenture) the Company or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by taking reasonable measures (including an appointment of a new paying agent) by the Company or the Surviving Person, as the case may be; provided that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; provided further that where any such requirement to pay Additional Amounts is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), the Company or the Surviving Person shall be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which Additional Amounts are required is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee:

(a) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company, taking reasonable measures available to it; and

(b) an Opinion of Counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction stating that the requirement to pay such Additional Amounts, and withhold or deduct such taxes, duties, assessments or other government charges results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, and it will be conclusive and binding on the Holders. The Trustee will not investigate or verify such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Negative Pledge

So long as any of the Notes are outstanding, the Company will not create or permit to subsist, and the Company will ensure that none of its Subsidiaries that own a Principal Property (each, a "Material Subsidiary") will create or permit to subsist, any Lien for the benefit of the holders of any Securities upon the whole or any part of its property or assets, present or future, to secure: (i) payment of any sum due in respect of any Securities; (ii) any payment under any guarantee of any Securities; or (iii) any indemnity or other like obligation in respect of any Securities, without in any such case (x) at the same time according to the Notes the same Liens as are granted to or are outstanding in respect of such Securities or (y) providing such other Lien for the Notes as may be approved by the holders of the Notes; provided, however, that the foregoing restriction shall not apply to:

(a) any Lien existing at the time of acquisition of any property by the Company provided that such Lien was not created in contemplation of such acquisition or in connection therewith and the principal, capital or nominal amount of the indebtedness secured by such Lien outstanding at the time of such acquisition is not increased; or

(b) any Lien arising out of the refinancing, extension or renewal, in whole or in part, of a Lien permitted under clause (a) above or any Securities secured by any Lien permitted by the preceding clause, to the extent of the amount of such Securities; provided that such Securities are not secured by any additional property or assets.

Use of Proceeds

The Company will use the proceeds received from the Notes as set forth in this Offering Memorandum under the caption "Use of Proceeds".

Provision of Financial Statements and Reports

For so long as any of the Notes remain outstanding, the Company will file with the Trustee:

(a) as soon as they are available, but in any event within 120 calendar days after the end of its fiscal year, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 60 calendar days after the end of each of its first, second and third fiscal quarters, copies of its financial statements (on a consolidated basis) in respect of such period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with its audited financial statements, together with a certificate signed by the Person then authorized to sign financial statements on behalf of it, to the effect that such financial statements are true in all material respects and present fairly its financial position as at the end of, and the results of its operations for, the relevant quarterly period; and

(c) promptly and in any event within 15 days after it obtains actual knowledge of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes an Event of Default and an Officer's Certificate setting forth the details thereof and the action it is taking or proposes to take with respect thereto.

Further, the Company has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Company is neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(c) default in the performance of or breaches of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets" or fails to make or consummate an Offer to Purchase in the manner described under the caption "— Repurchase of Notes Upon a Change of Control";

(d) default in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the outstanding Notes;

(e) there occurs with respect to any Debt of the Company or any of its Material Subsidiaries having an outstanding principal amount of US$50.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Debt of all such Persons, whether such Debt now exists or will hereafter be created, (A) an event of default that has caused the holder thereof to declare such Debt to be due and payable prior to its Stated Maturity or (B) the failure to make a payment of principal (subject to the applicable grace period in the relevant documents) of such Debt when the same becomes due;

(f) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Material Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$50.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Company or any Material Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for any substantial part of the property and assets of the Company or any Material Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Material Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or

(h) the Company or any Material Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for all or substantially all of the property and assets of the Company or any Material Subsidiary or (iii) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and the Trustee, may on behalf of all of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect to the Notes if:

(a) the Company pays or deposits with the Trustee a sum sufficient to pay all monies then due with respect to the Notes (other than amounts due solely because of such declaration of acceleration) and all other existing Events of Default have been cured or waived, and

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not pursue or institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(a) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(e) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee, on or before a date not more than 120 calendar days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Subsidiaries and the Company's performance under the Indenture and the Notes and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets, computed on a consolidated basis with its Subsidiaries, (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(a) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of the jurisdiction in which it is organized and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts, and the Indenture and the Notes will remain in full force and effect;

(b) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(c) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that the relevant supplemental indenture is enforceable.

For purposes of this covenant, the conveyance, transfer or lease of all or substantially all of the property or assets of one or more Subsidiaries of the Company, which constitutes all or substantially all of the property or assets of the Company and its Subsidiaries on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the property or assets of the Company.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below and payments of all amounts due to the Trustee, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust and to pay Additional Amounts) if, among other things:

(a) the Company has (i) deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (ii) delivered to the Trustee (x) a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and (y) an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in such trust;

(b) the Company has delivered to the Trustee (i) either (x) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "—Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Company or the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (ii) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) the Company 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; and

(d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Material Subsidiary is a party or by which the Company or any Material Subsidiary is bound.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture may be amended, without the consent of any Holder of Notes, to:

(a) cure any ambiguity, defect or inconsistency in the Indenture or the Notes;

(b) comply with the provisions described under "Certain Covenants — Consolidation, Merger and Sale of Assets";

(c) evidence and provide for the acceptance of appointment by a successor Trustee;

(d) add any guarantor or guarantee with respect to the Notes;

(e) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(f) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(g) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC;

(h) provide collateral to secure the Notes;

(i) make any other change that does not materially and adversely affect the rights of any Holder of Notes;

(j) comply with the rules of any applicable securities depositary; or

(k) conform the text of the Indenture or the Notes to any provision of this "Description of the 2042 Notes" to the extent that such provision in this "Description of the 2042 Notes" was intended to be a verbatim recitation of a provision of the Indenture or the Notes.

Amendments With Consent of Holders

Except as provided below, amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture or the Notes; 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;

(e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture, to waive compliance with certain provisions of the Indenture or to waive certain defaults;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) amend, change or modify (i) the obligation of the Company in respect of the due and punctual payment of the principal of, premium, if any, or interest on, any Note; (ii) the obligation of the Company to pay Additional Amounts, or (iii) the ranking of the Notes, in each case, in a manner that adversely affects the Holders; or

(h) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased as described above under the captions "— Repurchase of Notes Upon a Change of Control," or "— Redemption for Taxation Reasons."

No Personal Liability of Incorporators, Shareholders, 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 Company in the Indenture, or in any of the Notes or because of the creation of any Debt represented thereby, will be had against any incorporator, shareholder, officer, director, employee or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the applicable securities laws.

Concerning the Trustee and the Paying Agent

HSBC Bank USA, National Association is to be appointed as Trustee under the Indenture and as registrar and Paying Agent. 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. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company, 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 is permitted to engage in other transactions with the Company and its Affiliates; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Company and is entitled to rely exclusively on the certification contained therein. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company in the fulfillment of its obligations under the Indenture and the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note"; and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Notes transferred to institutional "accredited investors" (as defined in Rule 501(a) (1), (2), (3) or (7) of Regulation D under the Securities Act (an "Institutional Accredited Investor")) who are not qualified institutional buyers ("Non-Global Purchasers") will be in registered form without interest coupons ("Certificated Notes"). Upon the transfer of Certificated Notes initially issued to a Non-Global Purchaser to a qualified institutional buyer or in accordance with Regulation S, such Certificated Notes will, unless the relevant Global Note has previously been exchanged in whole for Certificated Notes, be exchanged for an interest in a Global Note. For a description of the restrictions on the transfer of Certificated Notes, see "Transfer Restrictions".

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Company, the Trustee nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Company expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Company within 90 days, the Company will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions", in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

DTC: DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal

Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the initial purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. 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 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 or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company or the Trustee) addressed to the Company or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Language

The Notes and the Indenture will be executed in both English and Bahasa Indonesia to comply with Law 24 of 2009 regarding Flag, Language, National Emblem and National Anthem enacted July 9, 2009, and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail. See "Risk Factors — Risks Relating to the Notes — The Indenture and certain other documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia as required under Indonesian Law. However, there can be no assurance that, in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court would hold that the English language versions of such documents would prevail."

Consent to Jurisdiction; Service of Process

The Company will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes or the Indenture or any transaction contemplated thereby and (ii) designate and appoint CT Corporation System, located at 111 Eighth Avenue, New York, NY 10011, for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law principles thereof.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the 2042 Notes" for which no definition is provided.

"Affiliate" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a commissioner, director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore or Indonesia or the city where the corporate trust office of the Trustee is then located) are authorized by law or governmental regulation to close; provided that, solely for purposes of determining the date of any payment to be made on any Note, "Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, Indonesia or the place in which payments on the Notes are to be made are authorized by law or governmental regulation to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter.

"Change of Control" means the occurrence of any event resulting in the government of the Republic of Indonesia ceasing to own and control (directly or indirectly or in combination) more than 50% of the Company's issued and paid-up shares.

"Change of Control Triggering Event" means a Change of Control, provided that, in the event that the Notes are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change Of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg or any successor thereof.

"Debt" means, with respect to any Person as of any date of determination, without duplication, (i) all obligations, contingent or otherwise, of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments, (iv) all obligations of such Person to pay the unpaid purchase price of any property or service, (v) all obligations secured by a Lien on any property or asset of such Person, whether or not such obligations are assumed by such Person and (vi) all obligations of others guaranteed by such Person to the extent of such guarantees and, for clauses (i) through (vi), which has a final maturity of one year or more. The amount of Debt of any Person as of any date of determination shall be the outstanding balance at such date of all unconditional obligations as described above, the maximum liability of such Person for any such contingent obligations at such date and, in the case of clause (vi), the lesser of the fair market value (as determined in good faith by the board of directors of such Person) at such date of the property or asset of such Person subject to a Lien securing the obligations of others and the amount of such obligations secured.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"DTC" means The Depository Trust Company and its successors.

"Euroclear" means Euroclear Bank S.A./N.V. or any successor thereof.

"GAAP" means generally accepted accounting principles in Indonesia as in effect from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Investment Grade" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of “Aaa”, “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns; a rating of “BBB-” or better by Fitch or any of its successors or assigns; or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody’s, or Fitch or any combination thereof, as the case may be.

“Lien” means any mortgage, pledge, fiducia, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind but excluding liens arising by operation of law).

“Note Documents” means the Indenture and the Notes.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company 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:

(a) 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;

(b) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);

(c) that any Note not tendered will continue to accrue interest pursuant to its terms;

(d) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;

(e) 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 Paying 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;

(f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the 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;

(g) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof; and

(h) the CUSIP number(s) of the Notes.

One Business Day prior to the Offer to Purchase Payment Date, the Company will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company will (a) accept for payment on a pro rata basis 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 Company. The Paying Agent will promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company 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 relevant Offer to Purchase, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes or the Indenture by virtue of their compliance with such securities laws or regulations.

"Officer" means one of the executive officers or directors of the Company. "Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel which opinion is reasonably acceptable to the Trustee that meets the requirements of the Indenture; provided that legal counsel shall be entitled to rely on a certificate of the Company as to matters of fact.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture. "Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal Property" means any asset or property of the Company or a Subsidiary whether at the date of initial issuance of the Notes owned or thereafter acquired (other than any such asset or property, or portion thereof, reasonably determined by the Company not to be of material importance to the total business conducted by the Company and its Subsidiaries, taken as a whole).

"Rating Agencies" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("S&P"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("Moody's"); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors ("Fitch"); and (iv) if one or more of S&P, Moody's or Fitch or shall not make a rating of the Notes publicly available, a United States nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

"Rating Date" means, in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control.

"Rating Decline" means, in connection with a Change of Control Triggering Event, the occurrence on, or within 90 days after, the date, or public notice of the occurrence of, a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of the following event: the Notes are (a) on the Rating Date rated Investment Grade by at least two Rating Agencies and (b) cease to be rated Investment Grade by at least two of such Rating Agencies.

"Securities" means bonds, debentures, notes or other similar securities having an original maturity of more than one year from its date of issue which (1) are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market, and (2) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than Rupiah or (B) are denominated in Rupiah and more than 50% of the aggregate principal amount of the offering of such international investment securities is initially distributed outside Indonesia by or with the Company's consent.

"Stated Maturity" means, (1) with respect to any Debt, the date specified in such debt security as the fixed date on which the final installment of principal of such Debt is due and payable as set forth in the documentation governing such Debt and (2) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Debt.

"Subsidiary" means (i) any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company or (ii) any subsidiary subject to consolidation with the Company's financial statements under GAAP.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

Indonesian Taxation

The following is a summary of the principal Indonesian tax consequences relevant to prospective holders of the Notes based on Indonesian tax laws and their implementing regulations in force as of the date of this Offering Memorandum. The summary does not address any laws other than the tax laws of the Republic of Indonesia. Prospective investors in all jurisdictions are advised to consult their own tax advisors as to other tax consequences of the acquisition, ownership and disposition of the Notes.

General

Resident taxpayers, individual or corporate, are subject to income tax in Indonesia. Generally, an individual is considered to be a non-resident of Indonesia if the individual does not reside in Indonesia and does not intend to stay in Indonesia for more than 183 days within a 12-month period. A company will be considered a non-resident of Indonesia if the company is not established and not domiciled in Indonesia. In determining the residency and tax status of an individual or corporation, consideration will also be given to the provision of any applicable double tax treaty which Indonesia has concluded with other countries. In this section, both non-resident individuals and non-resident corporations will be referred to as "non-resident taxpayers".

Subject to the provisions of any applicable agreement for the avoidance of double taxation ("tax treaty"), non-resident taxpayers, which derive income sourced in Indonesia from, among other things, interest, royalties or dividends from Indonesia, are subject to a final withholding tax on that income at the rate of 20%, so long as the income is not effectively connected with a permanent establishment of such individuals or corporations in Indonesia. If the income is effectively connected with a permanent establishment in Indonesia, such income shall be regarded as income earned by the permanent establishment. Income earned by the permanent establishment is subject to the income tax rate applied to income earned by an Indonesian corporate tax resident, which is 25%. Further, branch profit tax of 20% will be imposed on the net profit after income tax. Such branch profit tax may be reduced by an applicable tax treaty and/or waived if certain requirements are met.

Taxation on Interest

Repayments of principal of the Notes by the Issuer are not subject to Indonesian tax. However, under Government Regulation No. 16/2009, which took effect on January 1, 2009 ("Tax Regulation No. 16"), any amount due by the Issuer attributable to interest or premium or discount (which in general are also treated as interest) payable on the Notes will be subject to a final withholding tax in Indonesia.

Generally, a final tax rate of 15% would apply on interest due to a resident taxpayer or permanent establishment (other than an Indonesian bank or foreign bank with a permanent establishment, in which case such withholding tax is exempt). A special tax rate of 5% is available for interest received by a mutual fund until year 2013, provided that the fund is registered at the Indonesia Capital Market and Financial Institution Supervisory Board.

The statutory withholding tax rate on interest due by the Issuer to a non-resident taxpayer is 20%. The 20% rate could be reduced under an applicable tax treaty. For example, under the U.S.-Indonesia tax treaty, the rate is generally reduced to 10% where the interest is not effectively connected to a permanent establishment in Indonesia and the recipient is the beneficial owner of the interest.

Application of the reduced withholding tax rate under a tax treaty to a non-resident taxpayer who resides in the tax treaty country is subject to satisfying the eligibility and reporting requirements for the relevant tax treaty and domestic tax regulations. See "— Anti-Avoidance Rule on the Tax Treaty and New CoD Requirements".

Taxation on Sale or Disposition of Notes

Under Tax Regulation No. 16, gain from disposal of Notes is considered interest that is subject to a final withholding tax.

Gains from disposal of the Notes derived by a resident taxpayer, whether an individual or a corporation, or by a permanent establishment, is subject to final withholding tax at the rate of 15%.

Non-resident individuals and corporations other than permanent establishments in Indonesia will not be subject to Indonesian tax or withholding tax on any gain derived from the direct sale or disposal of Notes to a non-resident individual or corporation other than a permanent establishment in Indonesia.

However, non-resident individuals and corporations other than permanent establishments in Indonesia may be subject to a 20% Indonesian final withholding tax on any gain derived from the sale or disposal of Notes to a resident taxpayer or permanent establishment in Indonesia, or where the transaction is conducted through a securities company, dealer or bank in Indonesia, as such gain would be recharacterized as interest under Indonesian law in these situations. However, if the non-resident investor is a tax resident of a country that has signed a tax treaty with Indonesia, a reduced withholding tax rate applicable to interest income may be available if the gain (or a portion thereof) is considered as interest for purposes of the relevant tax treaty. Further, a full relief from the imposition of such withholding tax may be available if the relevant treaty treats the income as gain that is taxable only by the country in which the investor is resident for tax purposes. Under the U.S. —Indonesia tax treaty, interest is generally taxed at a rate of 10%, and the term "interest" as used in the treaty includes any income that under Indonesian law is assimilated to income from money lent. Under such treaty, capital gains that are not governed by the interest article of the treaty are generally exempt from Indonesian tax (subject to exceptions applicable to permanent establishments and certain individuals). A tax treaty relief applicable to a nonresident taxpayer who resides in a tax treaty country is also subject to satisfying the eligibility and reporting requirements for the relevant tax treaty and domestic tax regulations. See "— Anti-Avoidance Rule on the Tax Treaty and New CoD Requirements".

Non-resident investors should consult their own tax advisors regarding the application of Indonesian withholding tax on any gain on the sale or disposal of Notes.

Anti-Avoidance Rule on the Tax Treaty and New 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.

Where a tax treaty exists and the eligibility requirements of that treaty 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 premium), royalty and dividends. This is also subject to there being no misuse of the tax treaties and the non-resident taxpayers meeting the administrative requirements under the Indonesian tax regulations. Some tax treaties also provide an exemption from Indonesian tax on any capital gains of non-resident taxpayers arising from alienation of certain properties in Indonesia.

To obtain the benefit of an applicable tax treaty, the non-resident taxpayer must be the beneficial owner of the income received from Indonesia and comply with the eligibility requirements of the tax treaty and the specific requirements in Indonesia. Please see below the specific requirements to obtain tax treaty benefits in Indonesia.

On November 5, 2009, the Indonesian Directorate General of Tax ("DGT") issued two regulations which are designed to prevent tax treaty misuse, i.e. PER-61/PJ./2009 ("DGT-61") regarding the administrative procedures to apply a tax treaty and PER-62/PJ./2009 ("DGT-62") regarding the prevention of tax treaty misuse. Further, on April 30, 2010, those tax regulations were amended, respectively, by DGT Regulation No. PER-24/PJ/2010 and No. PER-25/PJ/2010. These new regulations set out stringent anti-tax treaty misuse tests and administrative requirements to be satisfied. Failure to comply with the conditions means that Indonesian withholding tax will apply at the statutory rate of 20%.

Under DGT-61 and DGT-62, in order for a non-resident recipient of the payment from Indonesia to be eligible for tax treaty benefit, it must:

(a) not be an Indonesian tax resident;

(b) fulfill the administrative requirements to implement the tax treaty provisions; and

(c) not commit any tax treaty misuse.

Under DGT-61, the administrative requirements to be fulfilled by the non-resident taxpayer in order to apply the tax treaty are in the new certificate of domicile ("CoD") form, which must be:

(a) in the form prescribed by the DGT (i.e. Form DGT-1 or Form DGT-2, where applicable);

(b) filled in completely by the non-resident;

(c) signed by the non-resident;

(d) certified by the competent tax authority of the treaty country of the non-resident; and

(e) submitted prior to the lodgment of the relevant monthly tax return of the Issuer.

In the case that the non-resident taxpayer is unable to obtain the required signature or its equivalent on the prescribed CoD from its competent authority (Form DGT-1 page 1 and DGT-2), the non-resident taxpayer can use any form of CoD commonly verified or issued by the tax authority of the tax treaty country (such as the U.S. Internal Revenue Service ("IRS") Form 6166 in the case of the United States) as an attachment to Form DGT-1 page 1 and Form DGT-2, as long as the CoD meets certain requirements; among others, the CoD is in English, is issued after January 1, 2010, contains the name of the non-resident taxpayer, and is signed by the authorized official or its representative of the tax treaty partner country.

Further, DGT-62 stipulates that misuse of a tax treaty may occur in the case that:

(a) a transaction that has no economic substance is performed using a structure or scheme that is arranged solely to gain the benefit of the tax treaty;

(b) a transaction has a structure or scheme whose legal form differs from its economic substance solely with the intention to gain the benefit of the tax treaty;

(c) the recipient of the income is not the actual owner of the economic benefit of the income (the "beneficial owner").

The beneficial owner criteria shall be applied only to income for which the article in the relevant tax treaty contains the beneficial owner requirement.

The new CoD forms (i.e. Form DGT-1 page 1 and Form DGT-2) are valid for 12 months from the date of issue and must be renewed subsequently. However, Form DGT-1 page 2 shall be produced by the non-bank non-resident income recipient in respect of each payment of income subject to withholding tax.

DGT-62 defines the "beneficial owner" of the income as the non-resident income recipient, which is not acting as an agent, a nominee, or a conduit company. "Agent" is defined as a person or an entity that acts as an intermediary and conducts action for and/or on behalf of other party. A "nominee" is defined as a person or an entity which 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 other country, while the economic benefits of said income is owned by persons in other country who would not be able to enjoy tax treaty benefits if such income were directly received by them.

Further DGT-62 states that the following non-resident taxpayers, residing in a treaty partner country, shall not be deemed to commit tax treaty misuse:

(a) an individual who is not acting as an agent or a nominee;

(b) an institution whose name is clearly stated in the tax treaty or one that has been jointly agreed by the competent authorities in Indonesia and the treaty partner country;

(c) a non-resident taxpayer that receives or earns income through a custodian in relation to income from transaction on the transfer of shares or bonds that are traded or reported in a capital market in Indonesia, other than interest and dividend, in the case that the non-resident taxpayer is not acting as an agent or as a nominee;

(d) a company whose shares are listed on a stock exchange and are regularly traded;

(e) a pension fund that is established under the laws of the tax treaty partner country and is a tax subject of the tax treaty partner country;

(f) a bank; or

(g) a company that satisfies the following conditions:

(i) the establishment of the company in the tax treaty partner country or the arrangement of the transaction structure/scheme is not aimed solely at utilizing tax treaty benefits;

(ii) the company has its own management to conduct the business and the management has independent discretion;

(iii) the company has employees;

(iv) the company engages in genuine business activities;

(v) the income derived from Indonesia is subject to tax in the country of the recipient; and

(vi) the company does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties in the form of interest, royalty, or other fees (excluding reasonable remuneration to employees or dividends distribution to shareholders).

When a company receives income for which the provision in the relevant tax treaty does not stipulate a beneficial owner requirement, the company will not be deemed to commit misuse of tax treaty if the establishment of the company or the arrangement of the transaction structure/scheme is not aimed solely at utilizing the relevant tax treaty.

If a particular transaction or structure is found to be misusing a tax treaty, the Indonesian payer of the income, who is obligated to withhold the tax, is not allowed to apply the benefits of the relevant tax treaty and must withhold tax which is payable in accordance with Indonesian tax regulations at the applicable rate (i.e. 20% rate). 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.

Stamp Duty

According to Government Regulation No. 24 of 2000, a document that effects a sale of Indonesian notes is subject to stamp duty. Currently, the nominal amount of the Indonesian stamp duty is Rp. 6,000 for transactions having a value greater than Rp. 1,000,000 and Rp. 3,000 for transactions having a value up to a maximum of Rp. 1,000,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party that benefits from the executed document unless both parties state otherwise.

Other Indonesian taxes

There are no Indonesian estate, inheritance, succession, or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes. There are no Indonesian issue, registration or similar taxes or duties 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 investors in the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

TO COMPLY WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by a U.S. holder (as defined below), but does not purport to be a complete analysis of all potential tax effects and does not address the effects of the U.S. federal estate or gift tax laws or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, as well as the U.S.-Indonesia income tax treaty, each as publicly available and in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that might be relevant to a holder in light of such holder's particular circumstances or to holders subject to special tax rules, such as:

- banks, insurance companies, or certain other financial institutions;
- dealers or traders in securities;
- partnerships or other pass-through entities, or persons holding the Notes through such entities;
- real estate investment trusts or regulated investment companies;
- persons liable for the alternative minimum tax;
- tax-exempt organizations;
- certain U.S. expatriates;
- U.S. holders whose functional currency is not the U.S. dollar; or
- persons holding the Notes as part of a straddle, hedge, conversion or integrated transaction.

In addition, this discussion is limited to persons that purchase the Notes for cash at original issue and at their "issue price" (generally, the first price at which a substantial portion of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and that hold the Notes as capital assets within the meaning of section 1221 of the Code (generally, property held for investment).

For purposes of this discussion, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;

- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Holders that are partnerships, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion of certain U.S. federal income tax considerations is for general information only and is not tax advice. Prospective investors should consult their tax advisors concerning the tax consequences of owning Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of the U.S. federal estate or gift tax laws, any state, local or non-U.S. tax laws, or provisions of any applicable tax treaties.

Payments of Interest

It is anticipated, and this discussion assumes, that the Notes will not be issued with more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes. Payments of stated interest on the Notes will generally be taxable to a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

Interest income on a Note will generally be foreign source "passive category income," but could, in the case of certain U.S. holders, be "general category income" for purposes of computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws.

As described in " — Indonesian Taxation," interest payments will be subject to a 20% Indonesian withholding tax. The Issuer is required to pay Additional Amounts with respect to such tax as described in "Description of the 2022 Notes — Additional Amounts" and "Description of the 2042 Notes — Additional Amounts". The amount of a U.S. holder's interest income for U.S. federal income tax purposes will include the Indonesian withholding tax deducted from interest payments and any Additional Amounts paid in respect thereof. Indonesian taxes (withheld at a rate not exceeding the applicable rate under the U.S.-Indonesia income tax treaty (generally 10%) in the case of a U.S. holder that is entitled to the treaty benefits) would, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's U.S. federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's U.S. federal taxable income. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes. U.S. holders that are entitled to the benefits of the U.S.-Indonesia income tax treaty should review "— Indonesian Taxation" regarding how to obtain the treaty rate.

Sale, Exchange, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. holder will generally recognize U.S. source gain or loss equal to the difference between the amount realized upon the disposition (less an amount equal to any accrued but unpaid interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and the adjusted tax basis of the Note. A U.S. holder's adjusted tax basis in a Note will generally be its cost for that Note.

Any gain or loss will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

As described in "— Indonesian Taxation," in certain circumstances gain from the sale of Notes may be subject to Indonesian tax. U.S. holders will likely not be able to credit such Indonesian tax against its U.S. federal income tax liability with respect to any gain realized by the U.S. holder upon the disposition. U.S. holders should consult their tax advisors regarding the creditability of any such tax. U.S. holders that are entitled to the benefits of the U.S.-Indonesia income tax treaty should review "— Indonesian Taxation" regarding how to obtain any treaty relief.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to certain payments of principal and interest paid on the Notes and to the proceeds of the sale or other disposition of a Note paid to a U.S. holder, unless such U.S. holder is an exempt recipient that, when required, demonstrates this fact. Backup withholding might apply to such payments if the U.S. holder fails to provide a taxpayer identification number or otherwise fails to comply with applicable certification requirements. Certain U.S. holders who are individuals and who do not hold Notes through U.S. financial institutions (within the meaning of section 6038D of the Code) are required to report information relating to an interest in our Notes, subject to certain exceptions. Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated April 26, 2012 (the "2022 Notes Purchase Agreement") among the Issuer and the initial purchasers named below (the "Initial Purchasers"), for whom Barclays Bank PLC, Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited are acting as representatives (the "Representatives"), each of the Initial Purchasers has severally agreed to purchase, and the Issuer has agreed to sell to that Initial Purchaser, the principal amount of 2022 Notes set forth opposite the Initial Purchaser's name:

Initial Purchasers	Principal Amount of the 2022 Notes
Barclays Bank PLC	US$ 404,166,667
Citigroup Global Markets Limited	US$ 404,166,667
The Hongkong and Shanghai Banking Corporation Limited	US$ 404,166,666
PT Bahana Securities	US$ 12,500,000
PT Danareksa Sekuritas	US$ 12,500,000
PT Mandiri Sekuritas	US$ 12,500,000
Total	US$1,250,000,000

Subject to the terms and conditions stated in the purchase agreement dated April 26, 2012 (the "2042 Notes Purchase Agreement" and together with the 2022 Notes Purchase Agreement, the "Purchase Agreements") among the Issuer and the Initial Purchasers, for whom the Representatives are acting as representatives, each of the Initial Purchasers has severally agreed to purchase, and the Issuer has agreed to sell to that Initial Purchaser, the principal amount of 2042 Notes set forth opposite the Initial Purchaser's name:

Initial Purchasers	Principal Amount of the 2042 Notes
Barclays Bank PLC	US$ 404,166,667
Citigroup Global Markets Limited	US$ 404,166,667
The Hongkong and Shanghai Banking Corporation Limited	US$ 404,166,666
PT Bahana Securities	US$ 12,500,000
PT Danareksa Sekuritas	US$ 12,500,000
PT Mandiri Sekuritas	US$ 12,500,000
Total	US$1,250,000,000

The Purchase Agreements provide that the several obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to certain condition precedents. The Initial Purchasers are obligated to take and pay for the entire principal amount of the Notes if any Notes are purchased. The Purchase Agreements also provide that if an Initial Purchaser defaults, the purchase commitment of the non-defaulting Initial Purchasers may be increased or the offering of the Notes terminated.

The purchase price for the Notes will be the applicable initial offering price set forth on the cover page of this Offering Memorandum, plus accrued interest, if any. The Initial Purchasers have advised us that they propose initially to offer the Notes to investors at the issue price set forth on the cover page of this Offering Memorandum. After the initial offering of the Notes, the Representatives may change the issue price and the other selling terms.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make because of any of those liabilities.

The Notes are a new issue of securities with no established trading market. Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, we cannot assure the prospective investors of the liquidity of, or trading market for, the Notes.

In connection with this offering, HSBC, as stabilizing manager on behalf of the Joint Bookrunners and Joint Lead Managers, or any person acting for the Joint Bookrunners and Joint Lead Managers, may purchase and sell the Notes in the open market. These transactions may, to the extent permitted by applicable laws and regulations, include short sales, stabilizing transactions and purchases to cover positions created by short sales. These activities may stabilize, maintain or otherwise affect the market price of the Notes. 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. There is no obligation on HSBC, as stabilizing manager, or the Joint Bookrunners and Joint Lead Managers to carry out such activities. These activities will be undertaken solely for the account of the Joint Bookrunners and Joint Lead Managers and not for or on our behalf.

Selling Restrictions

General

We and the Initial Purchasers have not taken any action, nor will we and the Initial Purchasers take any action, in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Notes in any jurisdiction where action for that purpose is required. Accordingly, an investor may not offer or sell, directly or indirectly, any Note and may not distribute or publish either this Offering Memorandum or any other offering material or advertisements in connection with the Notes, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions" for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S. Resales of the Notes are restricted as described under "Transfer Restrictions".

Until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

As used herein, the term "United States" has the meaning given to it in Regulation S.

United Kingdom

Each Initial Purchaser has severally represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum 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.

Hong Kong

Each Initial Purchaser has severally represented and agreed that (i) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of

China ("Hong Kong"), by means of any document, any Notes other than (x) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (y) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for the subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), (b) to a relevant person under Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act, except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the Securities and Futures Act.

Indonesia

This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering under the laws and regulations of Indonesia.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. Each Initial Purchaser has severally represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any of the Notes in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any persons for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (1) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and (2) in compliance with the other relevant laws and regulations of Japan.

Settlement and Delivery

We expect that delivery of the global certificates will be made against payment therefor on or about the closing date specified on the cover page of this Offering Memorandum, which will be the fifth business day following the date of pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a 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, by virtue of the fact that the Notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

Relationship of Initial Purchasers with our Company

In the ordinary course of business, some of the Initial Purchasers and certain of their affiliates engage from time to time in various commercial banking, investment banking and advisory services for the Issuer, for which they have received customary compensation. In addition, PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas, who are Co-Managers for the offering and Initial Purchasers, are affiliates of the Issuer. PT Bahana Securities is 99.0% owned by PT Bahana Pembinaan Usaha Indonesia (Persero), which is wholly owned by the Government, PT Danareksa Sekuritas is 99.99% owned by PT Danareksa (Persero), which is wholly owned by the Government, and PT Mandiri Sekuritas is wholly owned by PT Bank Mandiri (Persero) Tbk, in which the Government has a 60% equity interest. Accordingly, the Issuer, PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas are each effectively under the common control of the Government.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Notes, investors should consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only:

- to "qualified institutional buyers" in compliance with Rule 144A, and
- outside the United States in offshore transactions, in reliance upon Regulation S under the Securities Act.

Rule 144A Notes

Each purchaser of the Notes within the United States pursuant to Rule 144A, by accepting delivery of this Offering Memorandum, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a qualified institutional buyer within the meaning of Rule 144A (a "QIB"), (b) acquiring such notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such notes has been advised, that the sale of such notes to it is being made in reliance on Rule 144A.

2. It understands that such notes have not been and will not be registered under the Securities Act and (a) may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States; (b) the purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of such notes from it of the resale restrictions referred to in (a) above; and (c) no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Notes.

3. If it is a person other than a person outside the United States, it agrees that if it should resell or otherwise transfer the Notes, it will do so only:

- to the Issuer or any of our respective affiliates;
- inside the United States to a qualified institutional buyer in compliance with Rule 144A;
- outside the United States in compliance with Rules 903 or 904 under the Securities Act;
- pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or
- pursuant to an effective registration statement under the Securities Act.

4. It understands that such notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

> "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THESE NOTES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE".

5. The Issuer, the Registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify us. If it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

6. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Notes may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, it will be required to provide the Registrar with a written certification (in the form provided in the Indentures) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of the Notes outside the United States pursuant to Regulation S, by accepting delivery of this Offering Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time such Notes are purchased will be, the beneficial owner of such notes and (a) it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that such Notes have not been and will not be registered under the Securities Act.

3. The Issuer, the Registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify us.

UNITED STATES BENEFIT PLAN INVESTOR CONSIDERATIONS

The Notes may be purchased and held by an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or by an individual retirement account or other plan subject to Section 4975 of the Code. A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of a note is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Code or any similar law, must also determine that its purchase and holding of the Notes does not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or similar law. Each purchaser and transferee of a Note who is subject to ERISA and/or Section 4975 of the Code or a similar law will be deemed to have represented by its acquisition and holding of the Note that its acquisition and holding of the Notes does not constitute or give rise to a non-exempt prohibited transaction under ERISA, Section 4975 of the Code or any similar law.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Latham & Watkins LLP as to matters of New York law and U.S. federal securities law and by Ali Budiardjo, Nugroho, Reksodiputro as to matters of Indonesian law. Certain legal matters with respect to the Notes will be passed upon for the Initial Purchasers by Davis Polk & Wardwell as to matters of New York law and U.S. federal securities law and by Hiswara Bunjamin & Tandjung as to matters of Indonesian law.

INDEPENDENT PUBLIC ACCOUNTANTS

Our consolidated financial statements as of and for the year ended December 31, 2009 prior to the restatement and reclassification adjustments, which are included elsewhere in this Offering Memorandum, were audited by Purwantono Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our consolidated financial statements as of and for the years ended December 31, 2010 and 2011, included elsewhere in this Offering Memorandum have been audited by KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), independent public accountants, as stated in their report appearing herein.

Change in Independent Public Accountants

In 2010, we changed our independent public accountants from Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), effective November 29, 2010, with respect to the audit of our consolidated financial statements as of and for the years ended December 31, 2010 and 2011. Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) were invited to participate in the bidding process for the audit of our consolidated financial statements as of and for the year ended December 31, 2010; however, they were not re-appointed for such audit based on the outcome of the bidding process. The change in our independent public accountants was approved by our Board of Commissioners on November 15, 2010.

The audit report of Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) on our consolidated financial statements as of and for the year ended December 31, 2009 did not contain an adverse opinion or a disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principles.

In connection with the audits of our consolidated financial statements as of and for the year ended December 31, 2009 and in subsequent interim period through November 29, 2010, there were no disagreements with Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited), would have caused Purwantono, Suherman & Surja (the Indonesian member firm of Ernst & Young Global Limited) to make reference to the matter in their reports. However, as discussed in "Presentation of Financial and Other Data", "Summary Consolidated Financial and Other Data", "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Memorandum, during the preparation of our consolidated financial statements as of and for the year ended December 31, 2010, we reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment around certain items in our consolidated financial statements and concluded that the consolidated financial statements as of and for the year ended December 31, 2009, needed to be restated regarding the accounting for concession assets, oil and gas property acquisitions and deferred tax assets. Therefore, such consolidated financial statements were restated, as disclosed in Note 4b to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 and as discussed further in "Summary Consolidated Financial and Other Data" and "Selected Consolidated Financial and Other Data" included elsewhere in this Offering Memorandum. Additionally, as disclosed in Note 4a to the consolidated financial statements as of and for the years ended December 31, 2010 and 2011, certain restatement and reclassification adjustments were made to the as previously reported consolidated financial statements as of and for the year ended December 31, 2009 to reflect our management's reassessment of the facts and circumstances and the applicable accounting treatment of certain items arising from changes in accounting standards effective January 1, 2011 and to conform to the same basis on which the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 were presented. KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) were not engaged to audit, review, or apply any procedures to the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included elsewhere in this Offering Memorandum. Accordingly, the restated and reclassified financial information as of and for the year ended December 31, 2009 appearing as comparatives in the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have not been audited or reviewed.

During the year ended December 31, 2009, or the subsequent interim period prior to engaging KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited), neither we nor any person on our behalf consulted with KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) regarding either (i) the application of accounting principles to a specific proposed or completed transaction or the type of audit opinion that might be rendered on our consolidated financial statements, and either a written report or oral advice was provided that KAP Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers International Limited) concluded was an important factor considered by us in reaching a decision as to the accounting, auditing, or financial reporting issue, or (ii) any matter that was the subject of a disagreement or reportable event.

ENERGY INDUSTRY CONSULTANT

The information contained in the section “Industry Overview” in this Offering Memorandum, including all statistics and data therein, was prepared by Wood Mackenzie, independent energy industry consultants and experts in the energy industry. Wood Mackenzie has given and not withdrawn its written consent to the issue of this Offering Memorandum with the inclusion herein of their name and all references thereto and to the inclusion of the “Industry Overview” section in this Offering Memorandum, in the form and context in which it appears, and to act in such capacity in relation thereto. The “Industry Overview” section does not include all of the information that may be important for an investment decision.

RATINGS

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

SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS AND U.S. GAAP

The financial information included elsewhere in this Offering Memorandum has been prepared and presented in accordance with IFAS. Certain differences exist between IFAS and U.S. GAAP which might be material to the financial information herein. The matters described below summarize certain differences between IFAS and U.S. GAAP that may be material. The Issuer has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between IFAS and U.S. GAAP and has not quantified such differences. Accordingly, no assurance is provided that the following summary of differences between IFAS and U.S. GAAP is complete. In making an investment decision, investors must rely upon their own examination of the Issuer, the Notes, the terms of the offering and financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFAS and U.S. GAAP, and how those differences might affect the financial information herein.

Reserves and Resources

Area	IFAS	U.S. GAAP
Definitions	There is no prescribed reserve classification and there is no restriction on categories used for financial reporting purposes.	Entities must use the definitions of "reserves" and "resources" approved by the SEC. Only proved reserves can be disclosed for financial reporting purposes. Proved and proved developed are used for depletion depending on the nature of the costs.
Disclosure requirements	There is no specific requirement to disclose reserves and resources.	Detailed disclosures required by FASB ASC 932 and SEC Regulation S-X.

Consolidation

Area	IFAS	U.S. GAAP
Consolidation model	IFAS focuses on the concept of control in determining whether a parent-subsidiary relationship exists. Control is the parent's ability to govern the financial and operating policies of a subsidiary to obtain benefits. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than 50% of the voting rights of an entity. Controls also exists when the parent owns half or less of the voting power of an entity when there is: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the board of directors; or (d) power to cast the majority of votes at meeting of the board of directors. Pre-2011 IFAS does not permit consolidation when control is intended to be temporary or when there is a long term restriction for the subsidiary to transfer funds to the parent. Effective January 1, 2011 Starting January 1, 2011, IFAS also specifically requires	An entity should first consider the guidance under ASC 810-10-15-3, which requires an entity to be considered if the entity is a variable interest entity ("VIE"). VIEs include many entities such as SPEs and other entities not previously thought of as SPEs under U.S. GAAP. If a reporting entity has an interest in an entity that meets the definition of a VIE, the power and economic model should be applied for entities' annual reporting periods that begin after November 15, 2009. For periods prior to that, an entity would look at the risk-and-rewards model to determine whether consolidation of VIE would be required. Under the new model, the primary beneficiary of a VIE is the enterprise that has both (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits of the VIE that could potentially be significant to the VIE. If it has been determined that an entity is outside the scope of ASC 810-10-15-3, then consideration should be given to ASC 810-10-15-8, which generally requires consolidation when one of the companies in a group directly or indirectly has a controlling financial interest in the other companies. The usual condition for controlling financial interests is ownership of a majority of the voting interest, and therefore, as a general rule, ownership by one company, directly or indirectly, of over

Area	IFAS	U.S. GAAP
	potential voting rights to be assessed. Instruments that are currently exercisable or convertible are included in the assessment, with no requirement to assess whether exercise is economically reasonable (provided such rights have economic substance). IFAS requires a special purpose entity (“SPE”) to be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity. When control of an SPE is not apparent, IFAS requires evaluation of every entity — based on the entity’s characteristics as a whole — to determine the controlling party. The concept of economic benefit or risk is just one part of the analysis. Other factors considered in the evaluation are the entity’s design (e.g., autopilot), the nature of the entity’s activities and the entity’s governance.	50.0% of the outstanding voting shares of another company is a condition pointing towards consolidation. Consolidation of majority-owned subsidiaries is required in the preparation of consolidated financial statements, unless control is temporary and does not rest with the majority owner.

Financial Assets

Area	IFAS	U.S. GAAP
Classification and measurement	Pre 2010 Broadly similar to U.S. GAAP. However, IFAS does not provide a specific guidance on tainting rule for reclassification of financial assets from held-to-maturity category. Effective January 1, 2010 Classification is not driven by legal form which classifies financial assets into the categories of: • financial assets at fair value through profit or loss;	Under U.S. GAAP, the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities is as follows: • debt securities that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are reported at amortized cost;

Area	IFAS	U.S. GAAP
	● held-to-maturity investments; ● loans and receivables; and ● available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired which is determined at initial recognition. Financial assets may be reclassified between categories, albeit with conditions. More significantly, debt instruments may be reclassified from held for trading or available-for-sale into loans and receivables, if the debt instrument meets the definition of loans and receivables and the entity has the intent and ability to hold for the foreseeable future.	● debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings; and ● debt and equity securities not classified as either held-to-maturity or trading securities are classified as available-for-sale (“AFS”) securities and reported at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of stockholders’ equity, net of tax effects. As it relates to available-for-sale debt financial assets, any component of the overall change in fair market value that may be associated with foreign exchange gains and losses is treated in a manner consistent with the remaining overall change in the instrument’s fair value.
	All financial instruments cannot be reclassified into or out of fair value through profit and loss category while they are held or issued.	Changes in classification between trading, available-for-sale and held-to-maturity categories occur only when justified by the facts and circumstances within the concepts of ASC 320. Given the nature of a trading security, transfers into or from the trading category should be rare, though they do occur.

Area	IFAS	U.S. GAAP
Impairment principles: AFS debt securities	Pre 2010 An investment in debt securities is assessed for impairment when the fair value is less than cost. An analysis is then performed to determine whether or not the decline in fair value below cost constitutes a permanent decrease. If it is probable that the investor will not recover cost according to the contractual terms of a debt security, a permanent impairment should be considered to have occurred. If the decline in fair value is judged to be permanent, the cost basis of the individual security should be written down to fair value and the amount of the write-down should be included in earnings (that is, accounted for as a realized loss). The new cost basis should not be changed. Subsequent increases in the fair value of available-for-sale securities should be included in other comprehensive income; subsequent decreases in fair value, if not temporary, should also be included in other comprehensive income.	An investment in debt securities is assessed for impairment if the fair value is less than cost. An analysis is performed to determine whether the shortfall in fair value is temporary or other-than-temporary. In a determination of whether impairment is other-than-temporary, the following factors are assessed: ● Step 1 — Can management assert (a) it does not have intent to sell and (b) it is more likely than not that it will not have to sell before recovery of cost? If no, then impairment is triggered. If yes, then move on to Step 2. ● Step 2 — Does management expect recovery of the entire cost basis of the security? If yes, then impairment is triggered. Once it is determined that impairment is other-than-temporary, the impairment loss recognized in the income statement depends on the impairment trigger:
	Effective January 1, 2010 A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as the result of one or more events that occurred after initial recognition of the asset (a loss event) and if that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably. In assessing	● If impairment is triggered as a result of Step 1, the loss due to changes in fair value is released into the income statement. ● If impairment is triggered in Step 2, impairment loss is measured by calculating the present value of cash flows expected to be collected from the impaired

Area	IFAS	U.S. GAAP
	the objective evidence of impairment, an entity considers the following factors: ● significant financial difficulty of the issuer; ● high probability of bankruptcy; ● granting of a concession to the issuer; ● disappearance of an active market because of financial difficulties; ● breach of contract, such as default or delinquency in interest or principal; and ● observable data indicating there is a measurable decrease in the estimated future cash flows since initial recognition. An impairment analysis under IFAS focuses only on the triggering events that affect the cash flows from the asset itself and does not consider the holder's intent. Once impairment of a debt instrument is determined to be triggered, the loss in equity due to changes in fair value is released into the income statement. Pre 2010 Same treatment with AFS debt security as discussed above.	security. The determination of such expected credit loss is not explicitly defined; one method could be to discount the best estimate of cash flows by the original effective interest rate. The difference between the fair value and the post impairment amortized cost is recorded within comprehensive income.

Area	IFAS	U.S. GAAP
	Effective January 1, 2010 Same treatment with AFS debt security as discussed above. In addition, objective evidence of impairment of AFS equity includes: ● significant decline in fair value below cost; ● prolonged decline in fair value cost; or ● significant adverse changes in technological, market, economic or legal environment. Whether a decline in fair value below cost is considered as significant must be assessed on an instrument-by-instrument basis and should be based on both qualitative and quantitative factors.	
Impairment principles: AFS equity instruments		U.S. GAAP looks to whether the decline in fair value below cost is other-than-temporary. The factors to consider include: ● the length of the time and the extent to which the market value has been less than cost; ● the financial condition and near-term prospects of the issuer, including any specific events that may influence the operations of the issuer, such as changes in technology that may impair the earnings potential of the investment or the discontinuance of a segment of the business that may affect the future earnings potential; and

Area	IFAS	U.S. GAAP
		● the intent and ability of the holder to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value. The evaluation of the other-than-temporary impairment trigger requires significant judgment in assessing the recoverability of the decline in fair value below cost. Generally, the longer the decline and the greater the decline, the more difficult it is to overcome the available-for-sale equity other than temporarily impaired.
Impairment principles: held-to-maturity debt instruments	<u>Pre 2010</u> Same treatment with AFS debt security as discussed above. <u>Effective January 1, 2010</u> Same treatment with AFS debt security as discussed above. In addition, once impairment is triggered, the loss is measured by discounting the estimated future cash flows (adjusted for incurred loss) by the original effective interest rate. As a practical expedient, impairment may be measured based on the instrument's observable fair value.	The two-step impairment test mentioned above is also applicable to investments classified as held-to-maturity. It would be expected that held-to-maturity investments would not trigger Step 1 (as tainting would result). Rather, evaluation of Step 2 may trigger impairment. Once triggered, impairment is measured with reference to expected credit losses as described for available-for-sale securities (see above). The difference between the fair value and the post impairment amortized cost is recorded within other comprehensive income and accreted from other comprehensive income to the amortized cost of the debt security over its remaining life prospectively.

Area	IFAS	U.S. GAAP
Impairment — reversal of losses	Pre 2010 Subsequent increases in the fair value of available-for-sale securities after being impaired should be included in other comprehensive income. Effective January 1, 2010 For financial assets carried at amortized cost, if in a subsequent period the amount of impairment loss decreases and the decrease can be objectively associated with an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal, however, does not exceed what the amortized cost would have been had the impairment not been recognized. For available-for-sale debt instruments, if in a subsequent period the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the loss was recognized, the loss may be reversed through the income statement. Reversals of impairments on equity investments are prohibited.	One-time reversals of impairment losses for debt securities classified as available-for-sale or held-to-maturity securities, however, are prohibited. Rather, any expected recoveries in future cash flows are reflected as a prospective yield adjustment. Reversals of impairment on equity investments are prohibited.

Inventories

Area	IFAS	U.S. GAAP
Impact of changes in market prices after balance sheet date	Inventories are measured at the lower of cost and net realizable value. Events occurring between the balance sheet date and the date of completion of the financial statements need to be considered in arriving at the net realizable value at the balance sheet date (for example, a subsequent reduction in selling prices), to the extent that such events confirm conditions existing at the end of the year.	Inventories are measured at the lower of cost and market value. When market value is lower than cost at the balance sheet date, a recovery of market value after the balance sheet date but before the issuance of the financial statements is recognized as a type I (adjusting) post balance sheet event.

Area	IFAS	U.S. GAAP
Write-downs	Reversals of inventory write-downs (limited to the amount of the original write-down) are required for increase in value of inventory previously written down.	Reversals of write-downs are prohibited.

Leases

Area	IFAS	U.S. GAAP
Finance lease	Under IFAS, determination of financial lease depends on whether the lease transfers substantially all of the risks and rewards of ownership to the lessee. While the lease classification criteria identified in U.S. GAAP are considered in classification of a lease under IFAS, there are no quantitative breakpoints or bright lines to apply (e.g., 90%). Depreciation policy for depreciable leased assets follows lessee's normal depreciation policy. If there is no reasonably certainty that the lessee will obtain ownership by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.	Under U.S. GAAP, financial (or capital) leases are recognized if one of the following criteria is met: (a) ownership of the leased assets transfers to the lessee at the end of the lease term; (b) the lease contains a bargain purchase option; (c) the lease term is equals to 75% or more if the estimated useful life of the assets; or (d) the net present value of the minimum lease payments equals or exceeds 90% of the underlying fair value of the lease assets less any investment tax credit retained by the lessor. If the lease meets the criteria of either (a) or (b) above, the asset is amortized in a manner consistent with the lessee's normal depreciation policy for owned fixed assets. If the lease does not meet the criteria (a) or (b) above, the asset is amortized in a manner consistent with the lessee's normal depreciation policy, except that the period of amortization shall be the lease term. The asset shall be amortized to its expected value, if any, to the lessee at the end of the lease term.

Land Use Rights

Area	IFAS	U.S. GAAP
Land use rights	A land held based on certain types of rights other than a freehold title (i.e. right to build and right to use the land) will typically be classified as a PPE item by an entity, even though the entity does not get the freehold title. The predominant practice is to capitalize the cost of acquired land rights and not to amortize them. Expenses associated with the acquisition of a government permit to use the land is amortized over the period the holder is expected to retain the land rights.	Land rights are considered as leases. Any premium paid for such rights represent prepaid lease payments which should be amortized over the period the holder is expected to retain the land rights.

Capitalization of Costs

Area	IFAS	U.S. GAAP
Accounting models	Similar with U.S. GAAP model, there are two formal models — successful efforts and full cost methods. Types of expenditure that may be capitalized are defined, however less detail compared to U.S. GAAP.	There are two formal models — successful efforts and full cost methods, in accordance with FASB ASC 932 and Rule 4-10 (c) of Regulation S-X. Types of expenditure that may be capitalized are defined.
Acquisition costs	Acquisition costs are not specifically prescribed but capitalized when asset recognition criteria are met.	Acquisition costs should be capitalized when incurred.
Exploration costs	For successful efforts method, exploration costs, other than exploration drilling costs, should be charged to expense when incurred. These costs include the following: ● geological and geophysical costs; and ● dry hole and bottom hole contributions	For successful efforts method, exploration costs, other than exploration drilling costs, should be charged to expense when incurred. These costs include the following: ● geological and geophysical costs; ● costs of carrying and retaining unproved properties; and ● dry hole and bottom hole contributions.

Area	IFAS	U.S. GAAP
	The cost of drilling exploratory wells (including drilling exploratory — type stratigraphic wells) is capitalized when the well found proved reserves. Under IFAS, there are no specific indicators when evaluating whether suspended exploratory well costs should continue to be capitalized.	The cost of drilling exploratory wells should be capitalized, pending determination of whether the well has found proved reserves. Costs of wells that are assigned proved reserves remain capitalized. Costs also are capitalized for exploratory wells that have found reserves even if the reserves cannot be classified as proved when the drilling is completed, provided the exploratory well has found a sufficient quantity of reserves to justify its completion as a producing well and the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project. All other exploratory wells and costs are expensed. Specific indicators under FSP 19-1 have to be considered when evaluating whether suspended exploratory well costs should continue to be capitalized.
Development costs	Broadly similar with U.S. GAAP.	Development costs are capitalized. These include the costs to obtain access to proved reserves and to drill development wells. The costs of drilling development wells, including unsuccessful development wells, should be capitalized.
Internal costs	Internal costs are not specifically addressed but capitalized when asset recognition criteria are met.	Internal costs for acquisition, development and exploration may be capitalized if directly related to acquisition, development, or exploration activities that are capitalizable under the successful efforts method. Indirect internal costs should be expensed.

Area	IFAS	U.S. GAAP
Accumulation of costs	IFAS only states amortization of proved property costs is calculated on a property-by-property or reserves-by-reserves basis.	For successful effort method, capitalized costs are accumulated on a property-by-property basis or on the basis of some reasonable aggregation of properties with a common geological structural feature or stratigraphic condition, such as a field or reservoir.
Capitalization of interest cost	Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are required to be capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. IFAS acknowledges that determining the amount of borrowing costs that are directly attributable to an otherwise qualifying asset may require professional judgment. IFAS first requires the consideration of any specific borrowings and then requires consideration of all general borrowings outstanding.	Capitalization of interest costs while a qualifying asset is being prepared for its intended use is required. The guidance does not require that all borrowings be included in the determination of a weighted-average capitalization rate. Instead, the requirement is to capitalize a reasonable measure of cost for financing the asset's acquisition in terms of the interest cost incurred that otherwise could have been avoided. An investment accounted for by using the equity method meets the criteria for a qualifying asset while the investee has activities in progress necessary to commence its planned principal operations, provided that the investee's activities include the use of funds to acquire qualifying assets for its operations.

Depreciation, Depletion and Amortization ("DD&A")

Area	IFAS	U.S. GAAP
Aggregation of assets for the purposes of DD&A	Significant parts (components) of an item of PPE are depreciated separately if they have different useful lives.	Cost categories follow major types of assets as required by FASB ASC 932-360 — individual items are not separated.

Area	IFAS	U.S. GAAP
DD&A method and application	IFAS requires that each part of an item of property, plant and equipment that has a cost that is significant when compared to the total cost of the item, should be depreciated separately. Consistent with the componentization model, IFAS requires that the carrying amount of parts or components that are replaced be derecognized. The reserve and resource classifications used for the depletion calculation are not specified. An entity should develop an appropriate accounting policy for depletion and apply the policy consistently, e.g. unit of production method.	U.S. GAAP generally does not require the component approach for depreciation. Capitalized acquisition costs should be depleted on the unit-of-production method using total proved (both developed and undeveloped) reserves. Capitalized exploration and development costs should be amortized on the unit-of-production method using proved developed reserves.
Considerations of future development costs	There is no specific guidance on future development cost but generally is not allowed.	Future development costs and asset retirement obligations ("AROs") that are not currently included in the recorded asset value are not considered in computing the DD&A rate.
Costs excluded from DD&A calculation	There is no specific guidance on exclusion of cost.	If significant development costs (such as the cost of an off-shore production platform) are incurred in connection with a planned group of development wells before all of the planned wells have been drilled, it will be necessary to exclude a portion of those development costs in determining the unit-of-production amortization rate until the additional development wells are drilled. Similarly, it will be necessary to exclude, in computing the amortization rate, those proved developed reserves that will be produced only after significant additional development costs are incurred, such as for improved recovery systems.

Impairment of Long-lived Assets

Area	IFAS	U.S. GAAP
Impairment of long-lived assets (including production and downstream assets and finite-lived intangible assets)	Uses a one-step impairment test. Impairment is measured as the excess of the asset's carrying amount over its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. Fair value less cost to sell represents the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal. IFAS does not contain guidance about which market should be used as a basis for measuring fair value when more than one market exists. Value in use represents the future cash flows discounted to present value by using a pre-tax, market-determined rate that reflects the current assessment of the time value of money and the risks specific to the asset for which the cash flow estimates have not been adjusted. The use of entity-specific discounted cash flows is required in the value in use analysis. Changes in market interest rates can potentially trigger impairment and hence are impairment indicators. If certain criteria are met, the reversal of impairments, other than those of goodwill, is permitted.	Requires a two-step impairment test and measurement model as follows: 1. The carrying amount is first compared with the undiscounted cash flows. If the carrying amount is lower than the undiscounted cash flows, no impairment loss is recognized, although it may be necessary to review depreciation (or amortization) estimates and methods for the related asset. 2. If the carrying amount is higher than the undiscounted cash flows, an impairment loss is measured as the difference between the carrying amount and fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date ("exit price"). As a result, consideration must be given to the following during step 2 of an impairment test: ● *Use of market participant assumptions* — U.S. GAAP emphasizes that a fair value measurement should be based on the assumptions of market participants and not those of the reporting entity.

Therefore, entity-specific intentions should not impact the measurement of fair values unless those assumptions are consistent with market participant views.

- *Determining the appropriate market* — A reporting entity is required to identify and evaluate the markets into which an asset may be sold or a liability transferred. In establishing a fair value, a reporting entity must determine whether there is a principal market or, in its absence, a most advantageous market. However, in measuring the fair value of non-financial assets and liabilities, in many cases, there will not be observable data or a reference market. As a result, management will have to develop a hypothetical market for the asset or liability.

- *Application of valuation techniques* — The calculation of fair value will no longer default to a present value technique. While present value techniques may be appropriate, the reporting entity

Area	IFAS	U.S. GAAP
		must also consider all valuation techniques appropriate in the circumstances. If the asset is recoverable based on undiscounted cash flows, the discounting or fair value type determinations are not applicable. Changes in market interest rates are not considered impairment indicators.
Reversal of impairment charge	Impairment losses, other than those relating to goodwill, are reversed when there has been a change in the economic conditions or in the expected use of the asset.	Impairment losses are never reversed.

Asset Retirement Obligations

Area	IFAS	U.S. GAAP
Measurement of liability	IFAS requires that management's best estimate of the costs of dismantling and removing the item or restoring the site on which it is located be recorded when an obligation exists. The estimate is to be based on a present obligation (legal or constructive) that arises as a result of the acquisition, construction or development of a long-lived asset. If it is not clear whether a present obligation exists, the entity may evaluate the evidence under a more likely-than-not threshold. This threshold is evaluated in relation to the likelihood of settling the obligation. The guidance uses a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Changes in the measurement of an existing decommissioning, restoration or similar liability that result from changes in the estimated timing or amount of the	An entity records the fair value of a liability for an ARO when there is a legal obligation as a result of the acquisition, construction or development of long-lived asset and the liability can be reasonably estimated. The use of a credit-adjusted, risk-free rate is required for discounting purposes when an expected present-value technique is used for estimating the fair value of the liability. The guidance also requires an entity to measure changes in the liability for an ARO due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used for measuring that change would be the credit-adjusted, risk-free rate that existed when the liability, or portion thereof, was initially measured. In addition, changes to the undiscounted cash flows are recognized as an increase or

Area	IFAS	U.S. GAAP
	cash outflows or other resources or a change in the discount rate adjust the carrying value of the related asset under the cost model.	a decrease in both the liability for an ARO and the related asset retirement cost. Upward revisions are discounted by using the current credit-adjusted, risk-free rate at the time of revision. Downward revisions are discounted by using the credit-adjusted, risk-free rate that existed when the original liability was recognized.
Recognition of retirement asset	Capitalized as part of the related asset to be decommissioned.	Capitalized as a separate asset from the asset to be decommissioned.

Pension Costs

Area	IFAS	U.S. GAAP
Defined benefit plan	The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability. Government bond yields are used where there is no deep market in high-quality corporate bonds.	Similar to IFAS, except that government bonds are not used. Expected return on plan assets is determined based on market conditions and nature of the assets. Positive prior-service costs for current and former employees are recognized over remaining service lives of active employees. Negative prior-service costs are used first to offset previous positive prior-service costs. Actuarial gains and losses and unrecognized prior service costs are amortized as a component of net periodic benefit cost. Further, U.S. GAAP requires, at a minimum, a liability for the amount of the unfunded accumulated benefit obligation to be recognized at the balance sheet date. If all or almost all plan participants are retired, actuarial gains and losses are amortized over the remaining life expectancy of the plan participants.

Area	IFAS	U.S. GAAP
	Expected return on plan assets is determined based on market expectations at the beginning of the period for returns over the entire life of the obligation. Positive and negative past-service costs are recognized over the remaining vesting period. Where a benefit has already vested, the company should recognize past-service cost immediately. Actuarial gains and losses arising from experience adjustments, or changes in actuarial assumptions among others when exceeding 10% of defined benefit or 10% of fair value of plan assets are charged or credited to income over the average remaining service lives of the related employees. There is no requirement to recognize a minimum of pension liability.	

Provisions and Contingencies

Area	IFAS	U.S. GAAP
Recognition and measurement	A provision is recorded when the following three conditions are met: (a) an entity has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The anticipated cash flows are discounted using a pre-tax discount rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability (for which the cash flow estimates have not been adjusted) if the effect is	An accrual for a loss contingency is required if it is probable that there is a present obligation resulting from a past event and that an outflow of economic resources is reasonably estimable. Guidance uses the term "probable" to describe a situation in which the outcome is likely to occur. While a numeric standard for probable does not exist, practice generally considers an event that has a 75% or greater likelihood of occurrence to be probable. A single standard does not exist to determine the measurement of obligations. Instead, entities must refer to guidance established for specific

Area	IFAS	U.S. GAAP
	material. If a range of estimates is predicted and no amount in the range is more likely than any other amount in the range, the 'mid-point' of the range is used to measure the liability. Contingent liabilities are disclosed unless the probability of economic benefit outflows is remote. 'Probable' is defined as more likely than not.	obligations (e.g., environmental or restructuring) to determine the appropriate measurement methodology. Pronouncements related to provisions do not necessarily have settlement price or even fair value as an objective in the measurement of liabilities and the guidance often describes an accumulation of the entity's cost estimates.

Joint Ventures

Area	IFAS	U.S. GAAP
Definition	A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Joint control is the contractually sharing of control of an economic activity. Unanimous consent of the parties sharing control, but not necessarily all parties in the venture, is required.	A corporate joint venture is a corporation owned and operated by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group.
Types of joint venture	There are two types of joint venture: • jointly controlled operations — each venturer uses its own assets for a specific project; and • jointly controlled assets — a project carried on with assets that are jointly owned. <u>Effective January 1, 2011</u> Jointly controlled entity, in which the arrangement is carried on through a separate entity (company or partnership), is introduced as a new type of joint venture.	Refers only to jointly controlled entities, where the arrangement is carried on through a separate corporate entity.

Area	IFAS	U.S. GAAP
Accounting for joint venture arrangements	For jointly controlled operations, a venturer recognizes in its financial statements: the assets that it controls and the liabilities that it incurs; and the expenses that it incurs, and its share of income that it earns from the sale of goods or services by the joint venture. For jointly controlled assets, a venturer recognizes in its financial statements: its share of the jointly controlled assets, classified according to the nature of the assets; any liabilities that it has incurred; its share of any liabilities incurred jointly with the other venturers in relation to the joint venture; any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and any expenses that it has incurred in respect of its interest in the joint venture. <ins>Effective January 1, 2011</ins> Either the proportionate consolidation method or the equity method is allowed to account for a jointly controlled entity (a policy decision that must be applied consistently). Proportionate consolidation requires the venturer's share of the assets, liabilities, income and expenses to be either combined on a line-by-line basis with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements. A full understanding of the rights and responsibilities conveyed in management agreements is necessary.	Prior to determining the accounting model, an entity first assesses whether the joint venture is a VIE. If the joint venture is a VIE, the primary beneficiary should consolidate. If the joint venture is not a VIE, venturers assess the accounting using the voting interest model. If control does not exist then the criteria to apply the equity method to measure the investment in the jointly controlled entity. Proportionate consolidation is generally not permitted except for unincorporated entities operating in certain industries, such as the oil and gas industry.

Business Combinations

Area	IFAS	U.S. GAAP
Acquisition-related costs	Pre 2011 In addition to purchase consideration in a business combination, the acquirer may include directly attributable acquisition-related costs relating to the cost of acquisition. Effective January 1, 2011 Acquisition-related costs incurred to effect a business combination are charged to expenses in the periods in which the costs are incurred and services are received. However, the costs to issue debt or equity securities are included in the initial recognition of those instruments.	In a business combination accounted for by the purchase method the cost of an acquired entity includes the direct costs of acquisition. All internal costs associated with a business combination are expensed as incurred.
Contingent consideration	Pre 2011 Contingent consideration is recognized only when it is probable that the purchase price will be adjusted and that the amount can be measured reliably as at the date of the acquisition. There is no specific guidance on the measurement of contingent consideration classified as a financial instrument or equity. Effective January 1, 2011 Contingent consideration is recognized initially at fair value as either an asset, liability or equity according the applicable IFAS guidance. Contingent consideration classified as an asset or a liability will likely be a financial instrument measured at fair value, with any gains or losses recognized in profit or loss (or OCI, as appropriate). Contingent consideration classified as an asset or	Contingent consideration is recognized initially at fair value as either an asset, liability or equity according the applicable U.S. GAAP guidance. Contingent consideration classified as an asset or a liability is remeasured to the fair value at each reporting date until the contingency is resolved. The changes in fair value are recognized in earnings unless the arrangement is a hedging instrument for which ASC 815, as amended by the new business combination guidance (included in ASC 805), requires the changes to be initially recognized in other comprehensive income. Contingent consideration classified as equity is not remeasured at each reporting date. Settlement is accounted for within equity.

Area	IFAS	U.S. GAAP
	liability that is not a financial instrument is subsequently accounted for in accordance with the provisions standard or other IFAS as appropriate. Contingent consideration classified as equity is not remeasured. Settlement is accounted for within equity.	
Acquired contingencies	Pre 2011 There is no specific guidance on acquired contingencies. Effective January 1, 2011 The acquiree's contingent liabilities are recognized separately at the acquisition date, provided their fair values can be measured reliably. The contingent liability is measured subsequently at the higher of the amount initially recognized or the best estimate of the amount required to settle (under the provisions guidance). Contingent assets are not recognized.	Acquired liabilities and assets subject to contractual contingencies are recognized at fair value if fair value can be determined during the measurement period. If fair value cannot be determined, companies should typically account for the acquired contingencies using existing guidance. An acquirer shall develop a systematic and rational basis for subsequently measuring and accounting for assets and liabilities arising from contingencies depending on their nature.
Assignment/allocation and impairment of goodwill	Pre 2011 There is no specific requirement to allocate goodwill to a cash-generating unit ("CGU") or group of CGUs. However, such an allocation is possible under IFAS. Goodwill impairment testing is performed under a one-step approach. The recoverable amount of the CGU or group of CGUs (i.e. the higher of its fair value less costs to sell and its value in use) is compared with its carrying amount. Any impairment loss is recognized in operating results as the excess of the carrying amount over the recoverable amount.	Goodwill is assigned to an entity's reporting units, as defined within the guidance. Goodwill impairment testing is performed under a two-step approach: 1. The fair value and the carrying amount of the reporting unit, including goodwill, are compared. If the fair value of the reporting unit is less than the carrying amount, step 2 is completed to determine the amount of the goodwill impairment loss, if any.

Area	IFAS	U.S. GAAP
	The impairment loss is allocated first to goodwill attributable to a CGU, and then respectively to other intangibles that have no market, to assets with net selling price lower than its carrying amount, and to other assets of the CGU on a pro-rata basis. Goodwill is amortized (i.e. over a period of up to five years, unless there is a justifiable reason to amortize for a period no longer than twenty years) and subject to annual review of impairment. <u>Effective January 1, 2011</u> Goodwill is no longer amortized and subject to impairment testing annually. Goodwill is allocated to a CGU or group of CGUs, as defined within the guidance. Goodwill impairment testing is performed under a one-step approach: The recoverable amount of the CGU or group of CGUs (i.e., the higher of its fair value less costs to sell and its value in use) is compared with its carrying amount. Any impairment loss is recognized in operating results as the excess of the carrying amount over the recoverable amount. The impairment loss is allocated first to goodwill and then on a pro rata basis to the other assets of the CGU or group of CGUs to the extent that the impairment loss exceeds the book value of goodwill.	2. Goodwill impairment is measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill — calculated in the same manner that goodwill is determined in a business combination — is the difference between the fair value of the reporting unit and the fair value of the various assets and liabilities included in the reporting unit. Any loss recognized is not permitted to exceed the carrying amount of goodwill. The impairment charge is included in operating income.

Area	IFAS	U.S. GAAP
Non-controlling interests	Pre 2011 Measured at their proportion of the carrying amount of the acquiree's assets and liabilities before the acquisition date. Effective January 1, 2011 Entities have an option, on a transaction-by-transaction basis, to measure non-controlling interests at their proportion of the fair value of the identifiable net assets or at full fair value. The use of the full fair value option results in full goodwill being recorded on both the controlling and non-controlling interest. In addition, no gains or losses will be recognized in earnings for transactions between the parent company and the non-controlling interests — unless control is lost.	Measured at fair value. In addition, no gains or losses are recognized in earnings for transactions between the parent company and the non-controlling interests — unless control is lost.
Measuring of fair value of assets acquired and liabilities assumed	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. IFAS does not specifically refer to either an entry or exit price.	Fair value is defined as 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 exchange price represents an exit price.

Derivative Financial Instruments and Hedging Activities

Area	IFAS	U.S. GAAP
Derivative financial instrument and hedging activities	Pre 2010 A derivative is defined as a financial instrument or other contract that has (a) one or more underlying and (b) one or more notional amounts or payment provisions or both, that requires no or little initial net investment and its terms require or permit net settlement.	Similar to IFAS, requires documentation of the entity's risk management objectives and how the effectiveness of the hedge will be assessed. For retrospective test, a hedge qualifies for hedge accounting if 'actual' results are within a range of 80% to 125%.

Area	IFAS	U.S. GAAP
	Hedge accounting is permitted provided that an entity meets stringent qualifying criteria in relation to documentation and hedge effectiveness. It requires documentation of the entity's risk management objectives and how the effectiveness of the hedge will be assessed. Hedge instruments should be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows, and the effectiveness of the hedge is measured reliably on a continuing basis. There is no specific guidance on quantitative retrospective effectiveness test, shortcut method or matched-term method. Effective January 1, 2010 IFAS does not include a requirement for net settlement within the definition of a derivative. IFAS requires documentation of the entity's risk management objectives and how the effectiveness of the hedge will be assessed. For retrospective test, a hedge qualifies for hedge accounting if 'actual' results are within a range of 80% to 125%. IFAS does not allow a shortcut method by which an entity may assume no ineffectiveness. It permits portions of risk to be designated as the hedged risk for financial instruments in a hedging relationship such as selected contractual cash flows or a portion of the fair value of the hedged item, which can improve the effectiveness of a hedging relationship.	U.S. GAAP provides for a shortcut method that allows an entity to assume no ineffectiveness (and, hence, bypass an effectiveness test) for certain fair value or cash flow hedges of interest rate risk using interest rate swaps (when certain stringent criteria are met). Under U.S. GAAP, for hedges that do not qualify for the shortcut method, if the critical terms of the hedging instrument and the entire hedged item are the same ("matched-terms method"), the entity can conclude that changes in fair value or cash flows attributable to the risk being hedged are expected to completely offset. An entity is not allowed to assume (1) no ineffectiveness when it exists or (2) that testing can be avoided. Rather, matched terms provide a simplified approach to effectiveness testing in certain situations.

Area	IFAS	U.S. GAAP
	Nevertheless, entities are still required to test effectiveness and measure the amount of any ineffectiveness. IFAS does not specifically discuss the methodology of applying a matched-terms approach in the level of detail included within U.S. GAAP. However, if an entity can prove for hedges in which the principal terms of the hedging instrument and the hedged items are the same that the relationship will always be 100 percent effective based on an appropriately designed test, a similar qualitative analysis may be sufficient for prospective testing.	

Taxation

Area	IFAS	U.S. GAAP
Deferred taxes	Current enacted or substantially enacted tax rates are used to determine deferred income tax. Deferred tax assets relating to future tax benefits and the carry-forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the future tax benefit and unused tax losses can be utilized. When an entity presents current and non-current classifications in its balance sheet, it should not classify deferred tax assets (liabilities) as current assets (liabilities).	Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to the period in which the deferred tax asset or deferred tax liability is expected to be settled or released to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets are recognized in full, but are reduced by a valuation allowance if, in the opinion of management, it is considered “more likely than not” that some portion of, or all of, the deferred tax asset will not be realized in the future. “More likely than not” is defined as a likelihood of more than 50%. In determining whether a valuation allowance is necessary, a company may not generally consider future anticipated

Area	IFAS	U.S. GAAP
		income in measuring the valuation allowance if that company has a history of losses. The classification of deferred tax assets and deferred tax liabilities follows the classification of the related, non-tax asset or liability for financial reporting (as either current or non-current). If a deferred tax asset is not associated with an underlying asset or liability, it is classified based on the anticipated reversal periods. Any valuation allowances are allocated between current and non-current deferred tax assets for a tax jurisdiction on a pro-rata basis.

Revenue

Area	IFAS	U.S. GAAP
Revenue recognition — general	Two primary revenue standards capture all revenue transactions within one of four broad categories: ● sale of goods; ● rendering of services; ● others' use of an entity's assets (yielding interest, royalties, etc.); and ● construction contracts. Revenue recognition criteria for each of these categories include the probability that the economic benefits associated with the transaction will flow to the entity and that the revenue and costs can be measured reliably. Additional recognition criteria apply within each broad category.	Revenue recognition guidance is extensive and includes a significant volume of literature issued by various US standard setters. Generally, the guidance focuses on revenues being (i) either realized or realizable and (ii) earned. Revenue recognition is considered to involve an exchange transaction; that is, revenue should not be recognized until an exchange transaction has occurred. These rather straightforward concepts are, however, augmented with detailed rules.

Area	IFAS	U.S. GAAP
	The principles laid out within each of the categories are generally to be applied without significant further rules and/or exceptions.	
Overlift/underlift	There is no specific guidance, however the predominant practices is that revenue is recognized in overlift/underlift situations on a modified entitlements basis.	U.S. GAAP permits a choice of the sales/lifting method or the entitlements method for revenue recognition.

Cash Flow Statement

Area	IFAS	U.S. GAAP
Cash flow statement	Interest paid should be classified as either operating or financing cash flows; receipt of interest or dividends should be classified as either operating or investing activities. Cash and cash equivalents may also include bank overdrafts.	Interest paid, interest received and dividends received are classified as operating activities. Bank overdrafts are not included in cash and cash equivalents and, accordingly, changes in balances of overdrafts are classified as financing cash flows.
	Companies which present their cash flows using the direct method are not required to present a reconciliation of net income to net cash flows from operating activities.	Companies which present their cash flows using the direct method are required to present, in a separate schedule, a reconciliation of net income to cash flows from operating activities. Such reconciliation shows: (a) the effects of all deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred income and all accruals of expected future operating cash receipts and payments, such as changes during the period in receivables and payables, and (b) the effects of all items which cash effects are investing or financing cash flows such as depreciation, amortization of goodwill, gains or losses on sales of property, plant and equipment and discontinued operations and gains or losses on extinguishment of debt.

Segment Information

Area	IFAS	U.S. GAAP
Segment information	An entity is required to report both business segments and geographical segments and identify one as the primary and the other as the secondary. The dominant source and nature of the entity's risks and returns govern the designation as primary and secondary. Starting January 1, 2011, segment reporting is based on operating segment. The definition of operating segment is similar to U.S. GAAP.	Segment reporting is based on operating segment. Operating segments are components of an entity of which discrete financial information is available that is evaluated regularly by the chief operating decision maker of a company in deciding how to allocate resources and in assessing performance.

Guarantees

Area	IFAS	U.S. GAAP
Accounting for guarantees	Under IFAS, recognizing a guarantee as a liability is prohibited unless the entity's economic outflow related to the guarantee is probable. In addition, the guarantor is only required to disclose the nature and amount of guarantees.	Requires the recognition of a liability or asset at fair value determined based on the probability weighted cash flows for certain types of third-party guarantees. In addition, the guarantor is required to disclose: (a) the nature of the guarantee including the approximate term of the guarantee, how the guarantee arose and the events or circumstances that would require the guarantor to perform under the guarantee; (b) the maximum potential amount of future payments under the guarantee; (c) the carrying amount of the liability, if any, for the guarantor's obligation under the guarantee; and (d) the nature and extent of any recourse provision or available collateral that would enable the guarantor to recover the amounts paid under the guarantee.

Disclosures

Area	IFAS	U.S. GAAP
Disclosure of Non-GAAP measures	There is no specific guidance or prohibition under IFAS regarding the disclosure of non-GAAP measures.	Non-GAAP measures that are not specifically permitted by applicable accounting standards may not be presented in financial statements or related notes. For reporting to the U.S. Securities and Exchange Commission, non-GAAP measures may be presented in financial information accompanying financial statements if the non-GAAP measures is accompanied by the most directly comparable financial measure calculated and presented in accordance with GAAP and a reconciliation (by schedule or other clearly understandable method) between the non-GAAP measure disclosed and released and the most comparable financial measure or measured calculated and presented in accordance with GAAP.

GLOSSARY

Oil and Gas Terms

"AMDAL"	means Environmental Impact Analysis (*Analisa Mengenai Dampak Lingkungan*).
"bottom upgrade"	means the upgrading of a refinery to produce higher value products.
"CBM"	means coal bed methane gas.
"CDU"	means crude distillation unit.
"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.
"delineation well"	means a well drilled in a newly discovered or known discovery to gain further information.
"developed reserves"	means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery are included as "developed reserves" only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.
"development well"	means a well that is drilled to exploit the hydrocarbon accumulation defined by a delineation well.
"dry well"	an exploratory, development or delineation well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.
"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.
"FCCU"	means fluidized catalytic cracking unit.
"fractions"	chemical components of crude oil separated by a refining process.
"FTP"	means first tranche petroleum.
"HVU"	means high vacuum unit.

"ICP"	means the Indonesian Crude Price, a reference price calculated using a formula determined by the Government.
"Indonesian Participant"	means an Indonesian entity designated by BPMIGAS, which must be offered a certain specified percentage undivided interest in the total rights and obligations under a production sharing arrangement.
"Indonesian Participation Arrangement" or "IP"	means our participation in an agreement pursuant to our role as the Indonesian Participant.
"JOB"	means joint operating body.
"KSO"	means joint operating contract.
"lead"	means preliminary interpretation of geological and geophysical information that may or may not lead to prospects.
"lifting cost"	means, for a given period, cost incurred to operate and maintain wells and related equipment and facilities.
"LNG"	means liquefied natural gas.
"LPG"	means liquefied petroleum gas.
"LSWR"	means low sulfur waxy residual fuel oil.
"MOPS"	means Mean of Platts Singapore, a measure of fuel oil pricing in Singapore. It refers to the mean price of oil traded through Singapore as per the data from Platts, a commodity information and trading company.
"NCI"	means Nelson Complexity Index, a measure of the level of complexity of a refinery's processing equipment.
"production"	represents our Company's share of the gross production from a block or field, as the case may be, attributable to our Company's working interest.
"production capacity"	means, in respect of a facility, the maximum amount that can, or is expected to be able to, be produced by such facility.
"proved reserves"	represent those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and Government regulations.

"proved plus probable reserves"	represent proved reserves plus those reserves that are unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable.
"PSC"	means production sharing contract.
"RCC"	means residual catalytic cracker.
"reserves"	represent our Company's share of the gross reserves in a block or field, as the case may be, attributable to our Company's working interest.
"TAC"	means technical assistance contract.
"turnaround"	an event wherein an entire process unit is taken offstream for revamp or renewal.
"UKL"	means an environmental management effort plan (*Upaya Pengelolaan Lingkungan*).
"UPL"	means an environmental monitoring effort plan (*Upaya Pemantauan Lingkungan*).

Units of Measurement

"bbls"	means barrels.
"bbls/d"	means barrels per day.
"bcf"	means billion cubic feet.
"boe"	means barrels of oil equivalent; natural gas is converted to boe using the ratio of 1 mmcf of natural gas to 0.1726 mboe of oil equivalent, except in "Industry Overview", where natural gas is converted to boe using the ratio of one mmcf of natural gas to 0.176 mboe of oil equivalent.
"btu"	means British thermal unit.
"bbtu"	means billion British thermal units.
"bbtu/d"	means billion British thermal units per day.
"GWh"	means gigawatt hour.
"kg"	means kilograms.
"KL"	means kiloliters.

"KWh"	means kilowatt hours.
"mbbls/d"	means thousand barrels per day.
"mboe"	means thousand barrels of oil equivalent.
"mboe/d"	means thousand barrels of oil equivalent per day.
"mcf"	means thousand cubic feet.
"mcf/d"	means thousand cubic feet per day.
"mmbbls"	means million barrels.
"mmbbls/d"	means million barrels per day.
"mmboe"	means million barrels of oil equivalent.
"mmboe/d"	means million barrels of oil equivalent per day.
"mmbtu"	means million British thermal units.
"mmcf"	means million cubic feet.
"mmcf/d"	means million cubic feet per day.
"mt"	means metric ton.
"Mton"	means thousand metric tons.
"mtpa"	means metric ton per annum.
"MW"	means megawatts.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011, 2010 AND 2009

PERTAMINA

DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

PT PERTAMINA (PERSERO) AND SUBSIDIARIES

On behalf of the Board of Directors, we, the undersigned:

1.	Name	: Karen Agustiawan
	Office address	: Jl. Medan Merdeka Timur 1A Jakarta 10110
	Telephone	: 021 - 3815000
	Position	: President Director & CEO
2.	Name	: Andri Trunajaya Hidayat
	Office address	: Jl. Medan Merdeka Timur 1A Jakarta 10110
	Telephone	: 021 - 3816000
	Position	: Finance Director

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Pertamina (Persero) and Subsidiaries (the "Group");

2. The Group consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

3. a. All information has been fully and correctly disclosed in the Group consolidated financial statements;

   b. The Group consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts; and

4. We are responsible for the Group's internal control systems.

This statement is confirmed to the best of our knowledge and belief.

For and on behalf of the Board of Directors

JAKARTA
11 April 2012

METERAI TEMPEL
08567AAF941867880
6000 DJP

Karen Agustiawan
President Director & CEO

Andri Trunajaya Hidayat
Finance Director

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF

PT PERTAMINA (PERSERO)

We have audited the consolidated statements of financial position of PT Pertamina (Persero) (the "Company") and its subsidiaries (together the "Group") as of 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Pertamina Energy Trading Limited ("Petral") for the years ended 31 December 2011 and 2010 and PT Pertamina Geothermal Energy ("PGE") for the year ended 31 December 2010, both are wholly-owned subsidiaries, which statements reflect total assets, revenues, and net income constituting 2%, 5% and 2% respectively, of the related consolidated amounts in the consolidated financial statements of the Group for the year ended 31 December 2011; and 4%, 7% and 6%, respectively, of the related consolidated amounts in the consolidated financial statements of the Group for the year ended 31 December 2010. Those statements were audited by other independent auditors whose reports, which expressed unqualified opinions, have been furnished to us, and our opinion, insofar as it relates to the amounts included for Petral for the years ended 31 December 2011 and 2010 and for PGE for the year ended 31 December 2010, is based solely on the reports of the other independent auditors. The consolidated financial statements of the Group as of and for the year ended 31 December 2009, before the restatement, was audited by another independent auditor whose report dated 16 November 2010, with unqualified opinion on those statements included explanatory paragraphs that described (i) that the receivables from the Government related to reimbursement of costs for the kerosene to LPG conversion program in the amount of Rp4 trillion were subject to verification and approval by the Directorate General of Oil and Gas, and (ii) that the status and value of Aircraft Filling Depots located at various airports in Indonesia required formal approval through a Government Regulation.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Pertamina (Persero) and its subsidiaries as at 31 December 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

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Nomor Izin Usaha: KEP-151/KM.1/2010.

No: A120411013/DC2/DWD/II/2012

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We previously expressed our opinion dated 9 March 2012 on the consolidated financial statements of the Group as at and for the years ended 31 December 2011 and 2010. In relation to the Group's plan for issuance of senior notes in May 2012 to qualified institutional buyers under Rule 144A and Regulation S under the Securities Act of the United States, the Group has reissued its consolidated financial statements as at and for the year ended 31 December 2009 as disclosed in Note 52.

The Group restated its consolidated financial statements as of and for the year ended 31 December 2009 when the Group published its consolidated financial statements as of and for the year ended 31 December 2010, as reported in our independent auditor's report dated 21 April 2011. We audited those adjustments that were applied to restate the consolidated financial statements as of and for the year ended 31 December 2009. Those adjustments have been included in Note 4b for informational purposes. Subsequently, as disclosed in Note 4a, the Group applied additional restatement and reclassification adjustments to the 2009 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements as of and for the year ended 31 December 2009 of the Group other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements as of and for the year ended 31 December 2009.

JAKARTA
9 March 2012, except for restatement and reclassification adjustments to the 2009 consolidated financial statements as disclosed in Note 4a, as to which the date is 11 April 2012

Dwi Wahyu Daryoto, Ak., CPA
License of Public Accountant No. AP.0228

NOTICE TO READERS
The accompanying consolidated financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilised to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying consolidated financial statements and the auditor's report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their application in practice.

No: A120411013/DC2/DWD/II/2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
AS AT 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2e,6	29,011,482	21,009,169	14,787,234
Restricted funds - net	2e,7	1,160,782	2,929,603	2,993,622
Short-term investments	2f	1,540,045	1,699,912	1,565,829
Long-term investments - current portion	2f,11	1,000,000	1,000,000	1,000,000
Trade receivables				
Related parties - net of provision for impairment of Rp340,878 in 2011, Rp55,772 in 2010 and Rp64,035 in 2009	2d,2g, 2h,41a	19,695,596	8,132,182	15,190,314
Third parties - net of provision for impairment of Rp1,063,742 in 2011, Rp952,062 in 2010 and Rp919,668 in 2009	2g,2h,8	12,421,111	12,018,687	12,142,294
Due from the Government - current portion	9	16,584,074	11,270,097	9,773,620
Other receivables				
Related parties - net of provision for impairment of RpNil in 2011, Rp7,079 in 2010 and Rp7,737 in 2009	2d,2g, 2h,41b	182,803	2,847,293	118,991
Third parties - net of provision for impairment of Rp43,641 in 2011, Rp43,045 in 2010 and Rp118,808 in 2009	2g,2h	1,050,933	3,748,061	1,322,608
Inventories - net of provision for decline in value of Rp188,102 in 2011, Rp185,895 in 2010 and Rp147,342 in 2009	2i,10	69,964,202	57,443,254	52,423,464
Prepaid taxes - current portion	2t,40a	2,796,617	2,463,730	1,483,298
Prepayments	2j	1,411,840	702,908	573,796
Dividend advances and others	26	-	1,500,000	47,411,701
Total Current Assets		156,819,485	126,764,896	160,786,771

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
AS AT 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
NON-CURRENT ASSETS				
Due from the Government - net of current portion and net of provision for impairment of Rp2,443,350 in 2011, Rp249,194 in 2010 and RpNil in 2009	2g,9	698,425	2,096,388	10,127,692
Deferred tax assets - net	2t,40e	8,457,588	6,804,055	6,298,270
Long-term investments - net of current portion	2k,11	5,397,920	5,617,579	6,903,940
Fixed assets - net of accumulated depreciation of Rp37,577,847 in 2011, Rp33,158,079 in 2010 and Rp29,592,747 in 2009 and provision for impairment of Rp530,845 in 2011, Rp578,575 in 2010 and RpNil in 2009	2l,2m, 2v,12	70,151,349	65,667,909	61,564,473
Oil & gas and geothermal properties - net of accumulated depreciation, depletion and amortisation of Rp21,375,565 in 2011, Rp17,597,681 in 2010 and Rp14,620,534 in 2009 and provision for impairment of Rp1,815,621 in 2011, RpNil in 2010 and RpNil in 2009	2m,2n,2p, 2v,13	47,248,229	40,090,366	35,121,987
Prepaid taxes - net of current portion	2t,40a	19,751,603	16,676,417	15,999,783
Other assets - net	14	3,474,505	2,779,226	5,947,581
Total Non-Current Assets		155,179,619	139,731,940	141,963,726
TOTAL ASSETS		**311,999,104**	**266,496,836**	**302,750,497**

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
AS AT 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
LIABILITIES AND EQUITY				
SHORT-TERM LIABILITIES				
Short-term loans	15	26,506,635	19,258,272	14,760,559
Trade payables				
Related parties	2d,2o,41c	1,296,325	1,161,139	1,058,301
Third parties	2o,16	36,173,732	31,376,358	21,330,244
Due to the Government - current portion	17	22,381,228	18,497,561	30,999,188
Taxes payable	2t,40b	6,247,462	6,306,748	4,562,190
Accrued expenses	18	10,179,749	7,180,303	7,542,172
Long-term liabilities - current portion	2f,2m,19	6,104,602	6,139,615	5,365,629
Other payables				
Related parties	2d,2o,41d	601,833	349,673	616,851
Third parties	2o	3,393,899	4,547,801	4,626,116
Deferred revenue - current portion		390,570	689,996	414,575
Total Short-Term Liabilities		113,276,035	95,507,466	91,275,825
LONG-TERM LIABILITIES				
Due to the Government - net of current portion	17	1,898,556	2,134,873	5,199,128
Deferred tax liabilities - net	2t,40e	8,654,662	5,774,221	4,542,595
Long-term liabilities - net of current portion	2f,2m,19	15,792,870	18,637,471	18,935,076
Bonds payable	2f,20	13,291,066	-	-
Provision for employee benefits	2r,21	32,260,762	31,910,886	30,621,219
Provision for decommissioning and site restoration	2p,22	6,794,404	5,678,120	6,099,034
Deferred revenue - net of current portion		882,154	1,411,250	2,626,428
Other non-current payables		808,952	761,996	674,779
Total Long-Term Liabilities		80,383,426	66,308,817	68,698,259
TOTAL LIABILITIES		**193,659,461**	**161,816,283**	**159,974,084**

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
AS AT 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
EQUITY				
Equity attributable to owners of the parent				
Share capital				
Authorised - 200,000,000 ordinary shares at par value of Rp1,000,000 (full amount) per share; Issued and paid up - 82,569,779 shares	24	82,569,779	82,569,779	82,569,779
Equity adjustments	25i	(22,343,867)	(22,343,867)	(22,343,867)
Government contributed assets pending final clarification of status	25ii	520,918	566,603	558,890
Other equity components		628,604	(92,146)	(47,660)
Retained earnings				
- Appropriated		34,314,359	25,081,297	5,946,460
- Unappropriated		21,992,714	18,296,718	75,471,150
		117,682,507	104,078,384	142,154,752
Non-controlling interest	2b,23	657,136	602,169	621,661
TOTAL EQUITY		118,339,643	104,680,553	142,776,413
TOTAL LIABILITIES AND EQUITY		311,999,104	266,496,836	302,750,497

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
Sales and Other Operating Revenues	2q			
Domestic sales of crude oil, natural gas, geothermal energy and oil products	28	390,681,299	313,593,195	291,155,261
Subsidy reimbursements from the Government	29	156,519,800	75,976,178	41,366,056
Export of crude oil and oil products	30	37,883,511	38,469,926	28,961,183
Marketing fees		1,325,477	1,366,857	1,409,082
Revenues in relation to other operating activities	31	3,355,794	2,643,326	2,455,488
TOTAL SALES AND OTHER OPERATING REVENUES		**589,765,881**	**432,049,482**	**365,347,070**
Cost of Sales and Other Direct Costs	2q			
Cost of goods sold	32	501,930,435	367,174,825	305,070,375
Upstream production and lifting costs	33	17,466,746	16,139,931	12,414,603
Exploration costs	34	1,770,676	1,355,746	1,978,198
Expenses in relation to other operating activities	35	4,973,577	3,943,187	2,620,258
TOTAL COST OF SALES AND OTHER DIRECT COSTS		**526,141,434**	**388,613,689**	**322,083,434**
GROSS PROFIT		**63,624,447**	**43,435,793**	**43,263,636**
Operating Expenses	2q			
Selling and marketing expenses	36	6,852,573	5,638,258	5,112,159
General and administration expenses	37	8,608,519	9,934,900	10,411,783
TOTAL OPERATING EXPENSES		**15,461,092**	**15,573,158**	**15,523,942**
INCOME FROM OPERATIONS		**48,163,355**	**27,862,635**	**27,739,694**
Other (Expenses)/Income	2q			
Foreign exchange (loss)/gain - net		(1,419,912)	1,695,912	167,341
Finance income	38	1,034,786	814,085	1,333,345
Finance costs	38	(2,545,744)	(2,632,403)	(2,003,013)
Income from penalty on long overdue payments by customers	2q	783,886	1,894,301	-
Provision for impairment of receivables		(6,206,256)	(1,241,822)	-
Provision for impairment of oil and gas properties		(1,815,621)	-	-
Share in net (loss)/income of associates	2k,11	(58,813)	371	189,814
Other income - net	39	989,901	1,532,668	480,563
		(9,237,773)	**2,063,112**	**168,050**

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010*	2009*
INCOME BEFORE INCOME TAX EXPENSE		**38,925,582**	**29,925,747**	**27,907,744**
Income Tax Expense	2t,40c			
Current		17,235,188	11,583,543	9,008,916
Deferred		1,164,711	1,557,065	2,810,727
TOTAL INCOME TAX EXPENSE		**18,399,899**	**13,140,608**	**11,819,643**
INCOME FOR THE YEAR		**20,525,683**	**16,785,139**	**16,088,101**
Other comprehensive income/(loss)	2c,2k	37,207	(19,959)	212,527
Difference arising from translation of foreign currency financial statements		684,379	(53,604)	(1,861,807)
Other comprehensive income/(loss), net of tax		**721,586**	**(73,563)**	**(1,649,280)**
TOTAL COMPREHENSIVE INCOME		**21,247,269**	**16,711,576**	**14,438,821**
Income attributable to:				
Owners of the parent		20,471,552	16,775,554	16,203,209
Non-controlling interest	2b,2c	54,131	9,585	(115,108)
Income for the year		**20,525,683**	**16,785,139**	**16,088,101**
Total comprehensive income attributable to:				
Owners of the parent		21,192,302	16,731,068	14,459,674
Non-controlling interest	2b,2c	54,967	(19,492)	(20,853)
Total comprehensive income		**21,247,269**	**16,711,576**	**14,438,821**

* As restated (refer to Note 4)

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

PT PERTAMINA (PERSERO) AND SUBSIDIARIES

Schedule 3/1

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

		Attributable to owners of the parent										
					Other equity components			Retained earnings				
	Notes	Issued and paid-up capital	Equity adjustments	Government contributed assets pending final clarification of status	Differences arising from translation of foreign currency financial statements	Other comprehensive income	Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Balance as of 1 January 2009		**82,569,779**	**(22,343,867)**	**-**	**1,709,430**	**-**	**(13,555)**	**-**	**71,169,596**	**133,091,383**	**-**	**133,091,383**
Adjustment to retained earnings related to the reversal of the recognition of concession assets for certain marketing assets	4	-	-	-	-	-	-	-	227,986	227,986	-	227,986
Adjustment to retained earnings related to unrealised profit from transactions within the Group	4	-	-	-	-	-	-	-	36,229	36,229	-	36,229
Reclassification by the Group		-	-	-	(101,638)	88,083	13,555	-	-	-	642,514	642,514
Balance as of 1 January 2009*		**82,569,779**	**(22,343,867)**	**-**	**1,607,792**	**88,083**	**-**	**-**	**71,433,811**	**133,355,598**	**642,514**	**133,998,112**
Government contributed assets pending final clarification of status		-	-	558,890	-	-	-	-	-	558,890	-	558,890
Differences arising from translation of foreign currency financial statements	2s	-	-	-	(1,888,183)	-	-	-	-	(1,888,183)	26,376	(1,861,807)
Other comprehensive income	2k	-	-	-	-	144,648	-	-	-	144,648	67,879	212,527
Dividends declared from:	2z,27											
2004 income		-	-	-	-	-	-	-	(2,531,255)	(2,531,255)	-	(2,531,255)
2005 income		-	-	-	-	-	-	-	(3,551,680)	(3,551,680)	-	(3,551,680)

* As restated (refer to Note 4)

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

PT PERTAMINA (PERSERO) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Attributable to owners of the parent										
					Other equity components			Retained earnings				
	Notes	Issued and paid-up capital	Equity adjustments	Government contributed assets pending final clarification of status	Differences arising from translation of foreign currency financial statements	Other comprehensive income	Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Appropriations of compulsory reserves:	27											
2004 income		-	-	-	-	-	-	50,625	(50,625)	-	-	-
2005 income		-	-	-	-	-	-	71,034	(71,034)	-	-	-
Appropriations of other reserves:	27											
2004 income		-	-	-	-	-	-	2,480,630	(2,480,630)	-	-	-
2005 income		-	-	-	-	-	-	3,344,171	(3,344,171)	-	-	-
Appropriations of 2005 income for partnership and community development programs	27	-	-	-	-	-	-	-	(136,475)	(136,475)	-	(136,475)
Income for the year		-	-	-	-	-	-	-	16,203,209	16,203,209	(115,108)	16,088,101
Balance as of 31 December 2009*		**82,569,779**	**(22,343,867)**	**558,890**	**(280,391)**	**232,731**	**-**	**5,946,460**	**75,471,150**	**142,154,752**	**621,661**	**142,776,413**
Differences arising from translation of foreign currency financial statements	2s	-	-	-	(51,412)	-	-	-	-	(51,412)	(2,192)	(53,604)
Other comprehensive income/(loss)	2k	-	-	-	-	6,926	-	-	-	6,926	(26,885)	(19,959)
Adjustment to the Government contributed assets pending final clarification of status		-	-	7,713	-	-	-	-	-	7,713	-	7,713
Dividends declared from:	2z,27											
2006 income		-	-	-	-	-	-	-	(19,848,350)	(19,848,350)	-	(19,848,350)
2007 income		-	-	-	-	-	-	-	(11,006,970)	(11,006,970)	-	(11,006,970)
2008 income		-	-	-	-	-	-	-	(16,093,000)	(16,093,000)	-	(16,093,000)
2009 income		-	-	-	-	-	-	-	(7,103,456)	(7,103,456)	-	(7,103,456)

* As restated (refer to Note 4)

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

PT PERTAMINA (PERSERO) AND SUBSIDIARIES

Schedule 3/3

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

		Attributable to owners of the parent										
					Other equity components							
	Notes	Issued and paid-up capital	Equity adjustments	Government contributed assets pending final clarification of status	Differences arising from translation of foreign currency financial statements	Other comprehensive income	Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	Retained earnings – Appropriated	Retained earnings – Unappropriated	Total	Non-controlling interest	Total equity
Appropriations of compulsory reserves:	27											
2006 income		-	-	-	-	-	-	1,057,940	(1,057,940)	-	-	-
2007 income		-	-	-	-	-	-	861,150	(861,150)	-	-	-
2008 income		-	-	-	-	-	-	988,556	(988,556)	-	-	-
2009 income		-	-	-	-	-	-	789,846	(789,846)	-	-	-
Appropriations of other reserves:	27											
2006 income		-	-	-	-	-	-	166,788	(166,788)	-	-	-
2007 income		-	-	-	-	-	-	5,115,849	(5,115,849)	-	-	-
2008 income		-	-	-	-	-	-	2,551,084	(2,551,084)	-	-	-
2009 income		-	-	-	-	-	-	7,603,624	(7,603,624)	-	-	-
Appropriations of net income for partnership and community development programs:	27											
2006 income		-	-	-	-	-	-	-	(85,800)	(85,800)	-	(85,800)
2007 income		-	-	-	-	-	-	-	(239,100)	(239,100)	-	(239,100)
2008 income		-	-	-	-	-	-	-	(138,473)	(138,473)	-	(138,473)
2009 income		-	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Income for the year		-	-	-	-	-	-	-	16,775,554	16,775,554	9,585	16,785,139
Balance as of 31 December 2010*		**82,569,779**	**(22,343,867)**	**566,603**	**(331,803)**	**239,657**	**-**	**25,081,297**	**18,296,718**	**104,078,384**	**602,169**	**104,680,553**
Differences arising from translation of foreign currency financial statements	2s	-	-	-	674,503	-	-	-	-	674,503	9,876	684,379
Other comprehensive Income/(loss)	2k	-	-	-	-	46,247	-	-	-	46,247	(9,040)	37,207

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

		Attributable to owners of the parent										
					Other equity components			Retained earnings				
	Notes	Issued and paid-up capital	Equity adjustments	Government contributed assets pending final clarification of status	Differences arising from translation of foreign currency financial statements	Other comprehensive income	Differences arising from transactions resulting in changes in the equity of Subsidiaries and associates	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Adjustment to the Government contributed assets pending final clarification of status		-	-	(45,685)	-	-	-	-	-	(45,685)	-	(45,685)
Dividends declared from: 2010 income	2z,27	-	-	-	-	-	-	-	(7,123,104)	(7,123,104)	-	(7,123,104)
Appropriations of compulsory reserves: 2010 income	27	-	-	-	-	-	-	838,778	(838,778)	-	-	-
Appropriations of other reserves: 2010 income	27	-	-	-	-	-	-	8,394,284	(8,394,284)	-	-	-
Appropriations of income for partnership and community development programs: 2010 income	27	-	-	-	-	-	-	-	(419,390)	(419,390)	-	(419,390)
Income for the year		-	-	-	-	-	-	-	20,471,552	20,471,552	54,131	20,525,683
Balance as of 31 December 2011		**82,569,779**	**(22,343,867)**	**520,918**	**342,700**	**285,904**	**-**	**34,314,359**	**21,992,714**	**117,682,507**	**657,136**	**118,339,643**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010*	2009*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	393,663,110	305,928,695	276,391,466
Cash receipts from Government	131,891,271	16,274,677	3,832,734
Cash paid to suppliers	(368,720,305)	(256,165,139)	(224,736,661)
Cash paid to Government	(111,897,334)	(21,870,976)	(14,917,303)
Cash paid to employees and management	(10,402,694)	(7,551,314)	(8,968,360)
Cash generated from operations	34,534,048	36,615,943	31,601,876
Interest received	389,160	113,773	98,152
Corporate income tax paid	(21,033,853)	(14,698,193)	(18,916,751)
Net cash generated from operating activities	**13,889,355**	**22,031,523**	**12,783,277**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from investment in Medium Term Notes	1,000,000	1,000,000	1,000,000
Interest received from investment	645,626	814,085	1,333,345
Proceeds from sale of short-term investments	645,005	422,481	234,363
Proceeds from sale of fixed asset	317,912	-	-
Dividend received from associated companies	29,161	33,909	77,511
Proceeds from disposal of long-term investment	12,521	56,107	177,844
Additional investments in associates	(674,143)	-	-
Placement in short-term investments	(485,138)	(556,564)	(187,413)
Purchases of fixed assets	(8,368,650)	(7,683,671)	(7,142,348)
Purchases of oil & gas and geothermal properties	(10,770,563)	(9,627,970)	(11,608,019)
Acquisition of subsidiary, net of cash acquired	-	(471,183)	(2,635,206)
Net cash used in investing activities	**(17,648,269)**	**(16,012,806)**	**(18,749,923)**

* As restated (refer to Note 4)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
31 DECEMBER 2011, 2010 AND 2009
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010*	2009*
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term loans	97,947,865	67,965,859	53,503,715
Proceeds from issuance of bonds	13,280,052	-	-
Cash receipts from restricted funds	1,776,543	79,032	-
Proceeds from long-term loans	1,570,422	5,805,697	16,696,897
Payments of finance costs	(2,121,103)	(3,087,459)	(2,906,319)
Payments of dividend	(5,627,730)	-	(6,509,604)
Repayments of long-term loans	(4,450,036)	(6,828,813)	(3,374,953)
Repayments of short-term loans	(90,699,502)	(63,438,249)	(49,788,619)
Placements of restricted fund	-	-	(97,724)
Net cash generated from financing activities	**11,676,511**	**496,067**	**7,523,393**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7,917,597**	**6,514,784**	**1,556,747**
Effect of exchange rate changes on cash and cash equivalents	84,716	(292,849)	(2,704,059)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,009,169**	**14,787,234**	**15,934,546**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**29,011,482**	**21,009,169**	**14,787,234**

* As restated (refer to Note 4)

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

1. GENERAL

a. PT Pertamina (Persero) (the Company)

i. Company Profile

PT Pertamina (Persero) (the Company) was established by Notarial Deed No. 20 dated 17 September 2003 of Lenny Janis Ishak, S.H. The establishment of the Company was in compliance with Law No. 1 Year 1995 concerning Limited Liability Companies, Law No. 19 Year 2003 on State-Owned Enterprises, Government Regulation No. 12 Year 1998 on State Enterprises (Persero) and Government Regulation No. 45 Year 2001 regarding the Amendment to Government Regulation No. 12 Year 1998. The establishment of the Company as a limited liability entity is a result of the issue of Law No. 22 Year 2001 dated 23 November 2001 regarding Oil and Gas and Government Regulation No. 31 Year 2003 dated 18 June 2003 (PP No. 31) regarding the change in the status of Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina, the "former Pertamina Entity") to a State Enterprise (Persero). The deed of establishment was approved by the Minister of Justice and Human Rights through letter No. C-24025 HT.01.01.TH.2003 dated 9 October 2003 and published in State Gazette No. 93 Supplement No. 11620 dated 21 November 2003. The Company's Articles of Association have been amended several times. The latest amendment was made to adjust the capital structure of the Company, under Notarial Deed No.4 dated 14 July 2009 of Lenny Janis Ishak, S.H., which was approved by the Minister of Law and Human Rights under Decision Letter No. AHU-45429.AH.01.02. Year 2009 dated 14 September 2009.

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

In accordance with its Articles of Association, the Company shall conduct the following activities:

a. Operate in the crude oil and natural gas business, including activities involving petroleum products.
b. Operate in the geothermal energy business.
c. Manage the operations and marketing of Liquefied Natural Gas (LNG) and other products produced by LNG plants.
d. Operate in the biofuel business.
e. Manage and conduct other related business activities supporting the above mentioned activities.

1. GENERAL (continued)

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

i. Company Profile (continued)

In accordance with Presidential Regulation No. 104 Year 2007, the Government regulated the supply, distribution, and determination of the price of Liquefied Petroleum Gas (LPG) sold in 3 kilogram cylinders (LPG 3 kg cylinders) for household and micro/small businesses to reduce the subsidised fuel products (BBM) cost as a result of substituting LPG for kerosene (the kerosene conversion program). The Company has been assigned to supply and distribute LPG 3 kg cylinders by the Minister of Energy and Mineral Resources.

Effective from 1 January 2007, the Company was assigned the responsibility for the procurement and distribution of LPG 3 kg cylinders related to the kerosene conversion program in certain territories in Indonesia. Under the terms of such assignment, the Company is entitled to reimbursement of costs and a profit margin from the Government.

At the date of establishment of the Company, all oil and gas and geothermal energy activities of the former Pertamina Entity, including joint operations with other companies, were transferred to the Company. These activities have been transferred to Subsidiaries or are planned to be transferred to Subsidiaries in the future.

All of the employees of the former Pertamina Entity became the employees of the Company.

ii. Working areas, business activities and principal address

The Company and Subsidiaries (together the “Group”) oil, natural gas, and geothermal working areas are located in Indonesia and other countries with the principal business activities consisting of:

- <u>Upstream Activities - Exploration and Production - Crude oil and natural gas</u>

  Upstream activities include exploration for and production of crude oil and natural gas.

  The Indonesian upstream oil and gas activities are conducted by the Company, PT Pertamina EP and PT Pertamina Hulu Energi (PHE) through participation arrangements (Indonesian Participation - IP and Pertamina Participating Interests - PPI), Production Sharing Contracts (PSCs), and Joint Operating Bodies - PSCs jointly operated with third parties.

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

- Upstream Activities - Exploration and Production - Crude oil and natural gas (continued)

The Company participates in oil and natural gas joint ventures in Vietnam, Libya, Sudan and Qatar.

PHE also participates in oil and natural gas joint ventures in Malaysia and Australia.

- Upstream Activities - Exploration and Production - Geothermal

Geothermal activities include exploration for and production of steam and generation of electricity. These activities have been conducted by PT Pertamina Geothermal Energy (PGE).

In addition to geothermal activities conducted by PGE, PGE is also involved in Joint Operating Contracts (JOCs) for geothermal areas with third parties.

In accordance with the JOCs, PGE is entitled to receive Quarterly Production Allowances representing managerial compensation of between 2.66% and 4% of the JOC's net operating income.

- Downstream Activities - Processing, Shipping, Marketing and Trading

Processing Activities

Processing activities include processing of crude oil into oil products and production of LPG and petrochemicals (paraxylene and propylene) by six refinery units with installed processing capacities as follows:

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

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

- Downstream Activities - Processing, Shipping, Marketing and Trading (continued)

  Marketing and Trading Activities

  Domestic marketing and trading activities involve six business units for oil products, as follows:

  1. **Retail Fuel**

     Business unit that handles the marketing of fuel (BBM) for the transportation and household sectors.

  2. **Industrial and Marine Fuel**

     Business unit that handles the marketing of fuel (BBM) to industry and marine consumers.

  3. **Lubricants**

     Business unit that handles domestic (retail and industry segments) and overseas lubricants business.

  4. **Domestic Gas**

     Business unit that handles all marketing activities for LPG, Compressed Natural Gas (CNG) and hydrocarbon refrigerants for household, commercial and industrial purposes.

  5. **Aviation**

     Business unit that handles marketing activities for aviation products and services in Indonesia and Timor Leste.

  6. **Trading**

     Business unit that handles export-import activities and domestic sales of bitumen (asphalt), special chemicals, bio-fuels and petrochemicals.

     Overseas marketing and purchasing activities are conducted by the Head Office’s foreign marketing division.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

- Downstream Activities - Processing, Shipping, Marketing and Trading (continued)

  Shipping Activities

  Shipping activities among others include the transportation of crude oil, LPG and oil products between units.

- Company's Principal Address

  The principal address of the Company's head office is Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

iii. The Company's Boards of Commissioners and Directors

In accordance with decision letters of the Minister of State-Owned Enterprises No. KEP-124/MBU/2010 dated 8 July 2010 and No. KEP-234/MBU/2009 dated 4 November 2009, the composition of the Board of Commissioners of the Company as of 31 December 2011, 2010 and 2009 was as follows:

	2011	2010	2009
President Commissioner	Sugiharto	Sugiharto	Umar Said#^
Vice President Commissioner	Umar Said^	Umar Said^	-
Commissioner	Evita Herawati Legowo	Evita Herawati Legowo	Muhammad Abduh
Commissioner	Anny Ratnawati	Anny Ratnawati	Maizar Rahman
Commissioner	Triharyo Indrawan	Triharyo Indrawan	Sumarsono
Commissioner	Luluk Sumiarso	Luluk Sumiarso	Humayun Bosha
Commissioner	Nurdin Zainal^	Nurdin Zainal^	-

\# Interim President Commissioner
^ Independent Commissioner

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

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

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

In accordance with decision letters of the Minister of State-Owned Enterprises No. KEP-245/MBU/2011 dated 9 December 2011, KEP-123/MBU/2011 dated 30 May 2011, KEP-29/MBU/2010 dated 19 February 2010 and No. KEP-30/MBU/2009 dated 5 February 2009, the composition of the Board of Directors of the Company as of 31 December 2011, 2010 and 2009 was as follows:

	2011	2010	2009
President Director	Galaila Karen Kardinah (Karen Agustiawan)	Galaila Karen Kardinah (Karen Agustiawan)	Galaila Karen Kardinah (Karen Agustiawan)
Vice President Director	-	-	Omar Sjawaldy Anwar
Upstream Director	Muhammad Husen	Karen Agustiawan	Karen Agustiawan
Processing Director	Edi Setianto	Edi Setianto	Rukmi Hadihartini
Marketing and Trading Director	Djaelani Sutomo	Djaelani Sutomo	Achmad Faisal
Finance Director	Andri Trunajaya Hidayat	Mohamad Afdal Bahaudin	Ferederick S.T. Siahaan
Investment Planning and Risk Management Director	Mohamad Afdal Bahaudin	Ferederick S.T. Siahaan	*)
General Affairs Director	Waluyo	Waluyo	**)
Human Resources Director	Rukmi Hadihartini	Rukmi Hadihartini	**)
General Affairs and Human Resources Director	-	-	Waluyo**)

*) This position was established in 2010
**) These positions were assumed by one Director in 2009

Based on decision letter of the Minister of State-Owned Enterprises No. SK-118/MBU/2012 dated 7 March 2012 in lieu of the Shareholder's General Meeting, Umar Said's tenure as Vice President Commissioner/Independent Commissioner and Triharyo Indrawan's tenure as member of Board of Commissioner were ended on 7 March 2012, and Harry Susetyo Nugroho was appointed as member of Board of Commissioner effective on 7 March 2012.

iv. Number of employees

As of 31 December 2011, 2010 and 2009, the Group had 24,181, 22,194 and 21,892 permanent employees, respectively (unaudited).

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries and Associates

i. Subsidiaries

As of 31 December 2011, 2010 and 2009, the Group has ownership interests of more than 50%, directly or indirectly, in the following Subsidiaries:

	Percentage of ownership								
	Indirect			Direct			Effective		
Subsidiaries	2011	2010	2009	2011	2010	2009	2011	2010	2009
1. Pertamina Energy Trading Limited, Hong Kong	-	-	-	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Subsidiaries of Pertamina Energy Trading Limited:									
- Zambesi Investments Limited, Hong Kong	100.00%	100.00%	100.00%	-	-	-	100.00%	100.00%	100.00%
- Pertamina Energy Services Pte. Limited, Singapore	100.00%	100.00%	100.00%	-	-	-	100.00%	100.00%	100.00%
2. PT Usayana [b)]	-	-	-	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Subsidiaries of PT Usayana:									
- PT Patra Drilling Contractor	99.96%	99.96%	99.96%	-	-	-	94.96%	94.96%	94.96%
- PT Runa Ikana [d)]	-	99.90%	99.90%	-	-	-	-	94.91%	94.91%
- PT Patra Wahana Kridatama [b)]	99.80%	99.80%	99.80%	-	-	-	94.81%	94.81%	94.81%
- PT Mitra Tour & Travel [c)]	-	85.00%	85.00%	-	-	-	-	80.75%	80.75%
- PT Quatra Jasa Mineral [a)]	-	80.00%	85.99%	-	-	-	-	76.00%	81.69%
- PT Mitra Andrawina	-	-	85.00%	-	-	-	-	-	80.75%
- PT Patrindo Upaya Sejahtera [a)]	-	99.00%	99.00%	-	-	-	-	94.05%	94.05%
3. PT Pertamina Hulu Energi	1.28%	1.28%	1.28%	98.72%	98.72%	98.72%	100.00%	100.00%	100.00%
Subsidiaries of PT Pertamina Hulu Energi:									
- PT Pertamina Hulu Energi Karama	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Jabung	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Tomori Sulawesi	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Jambi Merang	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Simenggaris	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Salawati	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Raja Tempirai	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Gebang North Sumatera	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi South Jambi B	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Kakap	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Tuban East Java	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Ogan Komering	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi West Madura Offshore	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Tengah K	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Corridor	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Salawati Basin	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Makassar Strait	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Pasiriaman	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Coastal Plains Pekanbaru	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries and Associates (continued)

i. Subsidiaries (continued)

	Percentage of ownership								
	Indirect			Direct			Effective		
Subsidiaries	2011	2010	2009	2011	2010	2009	2011	2010	2009
- PT Pertamina Hulu Energi Donggala	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Tuban	99.99%	99.99%	99.00%	-	-	-	98.71%	98.71%	98.71%
- PT Pertamina Hulu Energi ONWJ	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- Pertamina Hulu Energi ONWJ Ltd., Delaware, USA	100.00%	100.00%	100.00%	-	-	-	98.72%	98.72%	98.72%
- Pertamina Hulu Energi Australia Pty. Ltd., Australia	100.00%	100.00%	100.00%	-	-	-	98.72%	98.72%	98.72%
- PT Pertamina Hulu Energi Semai II	99.00%	99.00%	-	-	-	-	97.73%	97.73%	-
- PT Pertamina Hulu Energi Metana Kalimantan A	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Metana Kalimantan B	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Metana Sumatera Tanjung Enim	99.90%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Metana Sumatera 2	99.90%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi West Glagah Kambuna	99.00%	99.00%	99.00%	-	-	-	97.73%	97.73%	97.73%
- PT Pertamina Hulu Energi Randugunting	99.00%	99.00%	1.00%	-	-	99.00%	97.73%	97.73%	100.00%
- PT Pertamina Hulu Energi Metana Sumatera 1	99.90%	99.90%	-	-	-	-	98.62%	98.62%	-
- PT Pertamina Hulu Energi Metana Sumatera 5	99.90%	99.90%	-	-	-	-	98.62%	98.62%	-
- Pertamina Hulu Energi OSES Ltd., Japan	99.99%	99.99%	-	-	-	-	98.71%	98.72%	-
- PT Pertamina Hulu Energi Metan Tanjung II	99.90%	99.90%	-	-	-	-	98.62%	98.62%	-
- PT Pertamina Hulu Energi Metan Tanjung IV	99.90%	99.90%	-	-	-	-	98.62%	98.62%	-
- Pertamina Hulu Energi Jawa Ltd., Japan	100.00%	100.00%	-	-	-	-	98.72%	98.72%	-
- PT Pertamina Hulu Energi Metana Suban I	99.90%	-	-	-	-	-	98.62%	-	-
- PT Pertamina Hulu Energi Metana Suban II	99.90%	-	-	-	-	-	98.62%	-	-
- PT Pertamina Hulu Energi Metana Sumatera 4	99.00%	-	-	-	-	-	97.73%	-	-
4. PT Patra Jasa	0.02%	0.02%	0.02%	99.98%	99.98%	99.98%	100.00%	100.00%	100.00%
5. PT Patra Niaga	0.18%	0.18%	0.18%	99.82%	99.82%	99.82%	100.00%	100.00%	100.00%
Subsidiaries of PT Patra Niaga:									
- PT Perta Insana [b]	99.00%	99.00%	99.00%	-	-	-	98.82%	98.82%	98.82%
- PT Elnusa Rekabina [e]	99.00%	99.00%	99.00%	-	-	-	98.82%	98.82%	98.82%
- PT Patra Trading	98.00%	98.00%	98.00%	-	-	-	97.82%	97.82%	97.82%
- PT Patra Logistik	90.00%	90.00%	90.00%	-	-	-	89.84%	89.84%	89.84%
- PT Patra Teknik	80.70%	80.70%	75.70%	-	-	-	80.55%	80.55%	75.56%
- PT Patra Fabrikasi [b]	55.00%	55.00%	-	-	-	-	54.90%	54.90%	-
6. PT Pertamina Trans Kontinental (formerly PT Pertamina Tongkang)	0.01%	0.01%	0.01%	99.99%	99.99%	99.99%	100.00%	100.00%	100.00%
Subsidiaries of PT Pertamina Trans Kontinental:									
- PT Peteka Karya Gapura	99.99%	99.99%	99.99%	-	-	-	99.98%	99.98%	99.98%
- PT Peteka Karya Tirta	99.99%	99.99%	99.99%	-	-	-	99.98%	99.98%	99.98%
- PT Peteka Karya Jala	99.99%	99.99%	99.99%	-	-	-	99.98%	99.98%	99.98%
- PT Peteka Karya Samudera	99.99%	99.99%	99.99%	-	-	-	99.98%	99.98%	99.98%
- Peteka Global Marine, S.A., Panama	-	100.00%	100.00%	-	-	-	-	99.99%	99.99%

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries and Associates (continued)

i. Subsidiaries (continued)

	Percentage of ownership								
	Indirect			Direct			Effective		
Subsidiaries	2011	2010	2009	2011	2010	2009	2011	2010	2009
7. PT Pelita Air Service	0.01%	0.01%	0.01%	99.99%	99.99%	99.99%	100.00%	100.00%	100.00%
Subsidiary of PT Pelita Air Service:									
- PT Indopelita Aircraft Service	99.93%	99.93%	99.72%	-	-	-	99.92%	99.92%	99.71%
8. PT Pertamina Retail	0.02%	0.02%	0.02%	99.98%	99.98%	99.98%	100.00%	100.00%	100.00%
9. PT Pertamina Bina Medika	0.02%	0.03%	0.03%	99.98%	99.97%	99.97%	100.00%	100.00%	100.00%
10. PT Pertamina Dana Ventura	0.07%	0.07%	0.07%	99.93%	99.93%	99.93%	100.00%	100.00%	100.00%
Subsidiary of PT Pertamina Dana Ventura:									
- PT Mitra Tour & Travel [c)]	95.00%	-	-	-	-	-	94.93%	-	-
11. PT Pertamina Training & Consulting	9.00%	9.00%	23.75%	91.00%	91.00%	75.00%	100.00%	100.00%	98.75%
12. PT Pertamina EP	-	-	-	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
13. PT Pertamina Geothermal Energy	9.94%	9.94%	10.00%	90.06%	90.06%	90.00%	100.00%	100.00%	100.00%
14. Pertamina E&P Libya Limited, British Virgin Islands	-	-	-	100.00%	100.00%	55.00%	100.00%	100.00%	55.00%
15. PT Pertamina EP Cepu	-	-	-	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
16. PT Pertamina Gas	0.01%	0.01%	1.00%	99.99%	99.99%	99.00%	100.00%	100.00%	100.00%
Subsidiary of PT Pertamina Gas:									
- PT Pertagas Niaga	99.00%	99.00%	-	-	-	-	98.99%	98.99%	-
17. PT Tugu Pratama Indonesia	-	-	-	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Subsidiaries of PT Tugu Pratama Indonesia:									
- Tugu Insurance Company Limited, Hong Kong	100.00%	100.00%	52.50%	-	-	47.50%	65.00%	65.00%	81.63%
- PT Tugu Pratama Interindo	99.99%	99.99%	99.99%	-	-	-	64.99%	64.99%	64.99%
- PT Pratama Mitra Sejati	99.99%	99.99%	99.99%	-	-	-	64.99%	64.99%	64.99%
- TRB (London) Ltd., England	100.00%	100.00%	100.00%	-	-	-	65.00%	65.00%	65.00%
- Synergy Risk Management Consultant Ltd, England	99.90%	99.90%	100.00%	-	-	-	64.99%	64.99%	65.00%
- PT Synergy Risk Management Consultants	99.90%	99.90%	100.00%	-	-	-	64.99%	64.99%	65.00%
- TIMS System Solutions Limited, Hong Kong	100.00%	100.00%	100.00%	-	-	-	65.00%	65.00%	65.00%
18. PT Pertamina Drilling Services Indonesia	0.13%	0.13%	1.00%	99.87%	99.87%	99.00%	100.00%	100.00%	100.00%
19. PT Pertamina EP Randugunting [f)]	-	-	1.00%	-	-	99.00%	-	-	100.00%

a) Has been liquidated
b) In liquidation process
c) PT Usayana interest has been transferred to PT Pertamina Dana Ventura
d) Has been sold
e) Inactive
f) The Company's interest has been transferred to Pertamina Hulu Energi

(Expressed in millions of Rupiah, unless otherwise stated)

1. **GENERAL** (continued)

b. **Subsidiaries and Associates** (continued)

ii. Associates

The directly owned associates are as follows:

Associates	Percentage of ownership	Nature of business
1. Pacific Petroleum & Trading Co. Ltd., Japan	50.00%	Marketing services
2. Nusantara Gas Service Company, Inc., Japan [a]	49.00%	Marketing services
3. Korea Indonesia Petroleum Co. Ltd., Labuan Malaysia	45.00%	Marketing services
4. PT Elnusa Tbk	41.10%	Processing and sale of oil and gas products, construction and oilfield services, information technology and telecommunications

The indirectly owned associates are as follows:

Associates	Percentage of ownership	Nature of business
1. PT Yekapepe Usaha Nusa [c]	38.00%	Contractor
2. PT Donggi Senoro LNG [b]	29.00%	LNG processing
3. PT Tugu Reasuransi Indonesia	25.00%	Reinsurance
4. PT Asuransi Samsung Tugu	19.50%	Insurance
5. PT Patra Bumi Lerep Permai	23.60%	Plantation

[a] Has been liquidated in 2011
[b] Pertamina Energy Trading Limited interest has been transferred to PT Pertamina Hulu Energi in 2011
[c] Liquidation process

iii. Jointly Controlled Entities

The directly owned jointly controlled entity is as follows:

Jointly controlled entity	Percentage of ownership	Nature of business
1. PT Nusantara Regas	60.00%	LNG regasification

1. GENERAL (continued)

b. Subsidiaries and Associates (continued)

iii. Jointly Controlled Entities (continued)

The indirectly owned jointly controlled entities are as follows:

Jointly controlled entities	Percentage of ownership	Nature of business
1. PT Patra SK	35.00%	LBO processing
2. PT Perta Samtan Gas (formerly PT E1-Pertagas)	66.00%	LNG processing

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group were prepared by the Board of Directors and finalised on 9 March 2012.

The accounting and financial reporting policies adopted by the Group conform to the Indonesian financial accounting standards, which are based on Indonesian Statements of Financial Accounting Standards (SFAS). The accounting policies were applied consistently in the preparation of the consolidated financial statements for the years ended 31 December 2011, 2010 and 2009 by the Group.

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the basis of historical cost, except for available-for-sale financial assets and financial assets and financial liabilities which are measured at fair value through profit or loss.

In 2011, the Group has changed its cash flows method from the indirect method to the direct method. Therefore the consolidated statements of cash flows for 2010 and 2009 were adjusted by management.

The Company considers income from operation exclude provision for impairment of financial and non-financial assets and income from penalty on long overdue payments by customers.

The consolidated statements of cash flows have been prepared based on the direct method by classifying the cash flows on the basis of operating, investing and financing activities.

The consolidated financial statements are presented in millions of Rupiah (“Rp”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures

i. New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning on 1 January 2011.

- SFAS No. 1 (Revised 2009), "Presentation of Financial Statements"

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statements of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity.

All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statements of comprehensive income) or two statements (the statements of income and statements of comprehensive income).

Where entities restate or reclassify comparative information, they are required to present restated statements of financial position (balance sheets) as at the beginning of the comparative period in addition to the current requirement to present statements of financial position (balance sheets) at the end of the current period and comparative period. In addition, no items of income or expenses are to be presented as arising from outside the entity's ordinary activities.

The Group has elected to present one performance statement. The Group made restatements and reclassifications (refer to Note 4). The consolidated financial statements have been prepared under the revised disclosure requirements.

- SFAS No. 4 (Revised 2009), "Consolidated and Separate Financial Statements"

The revised standard prohibits a parent company from failing to consolidate its controlled subsidiaries. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The standard also acknowledges that control can still exist when the parent owns half or less of the voting power of the entity.

When assessing the control, a company should consider the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity.

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in consolidated statements of comprehensive income. The Group applied SFAS No. 4 (Revised 2009) prospectively to transactions with non-controlling interests from 1 January 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

i. New and amended standards adopted by the Group (continued)

- SFAS No. 4 (Revised 2009), “Consolidated and Separate Financial Statements” (continued)

  SFAS No. 4 requires non-controlling interest to be presented in the consolidated statements of financial position (balance sheets) within equity, separately from the equity of the owners of the parent. As such, for the current period, the Group has reclassified the non-controlling interest as at 31 December 2010 and 2009 which was previously recorded as a mezzanine between liabilities and equity to equity of Rp602,169 and Rp621,661, respectively.

  Total comprehensive income is attributed to the owners of the parent and to the non-controlling interest even if this may result in the non-controlling interest having a deficit balance. The Group has changed the presentation of the total comprehensive income to the owners of the parent and the non-controlling interest. As such, for the current period, total comprehensive income attributable to the owners of the parent and the non-controlling interest is Rp21,192,302 and Rp54,967, respectively. Refer to Note 4 for 2010 and 2009 reclassification.

- SFAS No. 5 (Revised 2009), “Operating Segments”

  The revised standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As such, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. This has not resulted in additional reportable segments being presented.

- SFAS No. 7 (Revised 2010), “Related Party Disclosures”

  The standard enhances the guidance of disclosure of related party relationships, transactions and outstanding balances, including commitments with related party. The standard requires disclosures of transactions and outstanding balances with Government-related entities. It also makes clear that a member of the key management personnel is a related party, which in turn requires the disclosure of each balance and category of remuneration and compensation of the key management personnel. The Group has re-evaluated its related party relationships in accordance with this standard and ensured the consolidated financial statements have been prepared under the revised disclosure requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

i. New and amended standards adopted by the Group (continued)

- SFAS No. 12 (Revised 2009), "Interests in Joint Ventures"

  This standard provides guidance on accounting for joint control assets, joint operations and joint control entities. In respect of its interests in jointly controlled operations, a venturer should recognise in its financial statements: (a) the assets that it controls and the liabilities that it incurs; and (b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

  In respect of a venturer's interests in jointly controlled assets, a venturer should recognise in its financial statements: (a) its share of the jointly controlled assets, classified according to the nature of the assets; (b) any liabilities that it has incurred; (c) its share of any liabilities incurred jointly with the other venturers in relation to the joint venture; (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and (e) any expenses that it has incurred in respect of its interest in the joint venture.

  In respect of a venturer's ownership in jointly controlled entities, a venturer should recognise its interest in a jointly controlled entity using either proportionate consolidation or the equity method. Interests in jointly controlled entities that are classified as held for sale in accordance with SFAS No. 58 (Revised 2009), "Non-Current Assets, Held for Sale and Discontinued Operations" should be accounted for in accordance with that SFAS and should not use either proportionate consolidation or the equity method. The accounting policies adopted by the Group is generally consistent with the revised standard. Refer to Note 4 for further information on the joint venture accounting.

- SFAS No. 15 (Revised 2009), "Investments in Associates"

  This standard does not apply to investments in associates held by venture capital organisations or mutual funds, unit trusts and similar entities including investment-linked insurance funds that are measured at fair value through profit or loss in accordance with SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement". The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

i. New and amended standards adopted by the Group (continued)

- SFAS No. 15 (Revised 2009), "Investments in Associates" (continued)

  If an entity has significant influence in the associates, the investment in associate should be recorded using the equity method. An investor should discontinue the use of the equity method from the date when it ceases to have significant influence over an associate and should account for the investment in accordance with SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" from that date, provided the associate does not become a subsidiary or a joint venture as defined in SFAS No. 12 (Revised 2009), "Interests in Joint Ventures". When losing significant influence, an investor should measure at fair value any investment the investor retains in the former associate. The investor should recognise in consolidated statements of comprehensive income any difference between: (a) the fair value of any retained investment and any proceeds from disposing of the part interest in the associate and (b) the carrying amount of the investment at the date when significant influence is lost.

  Management also needs to evaluate, by applying requirements of SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" whether its investment in associate is impaired. If it is determined that the investment is impaired, the investor needs to apply SFAS No. 48 (Revised 2009), "Impairment of Assets" for impairment testing. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised and therefore it is not tested for impairment separately.

  Investments in associates of the Group is recorded using the equity method, as there is significant influence in the associates. The accounting policies adopted by the Group is generally consistent with the revised standard.

- SFAS No. 22 (Revised 2010), "Business Combination"

  The revised standard requires the acquisition method to be applied in business combinations which eliminates the option of using a pooling of interest method. There is a choice, on an acquisition-by-acquisition basis, of measuring the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. All acquisition-related costs should be expensed.

  The Group has applied SFAS No. 22 (Revised 2010) prospectively to all business combinations from 1 January 2011. The requirement to apply this SFAS prospectively has the following effect for a business combination which took place before the application of this SFAS:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

i. New and amended standards adopted by the Group (continued)

- SFAS No. 22 (Revised 2010), "Business Combination" (continued)

  Previously recognised goodwill

  As required under the standard, at 1 January 2011, the carrying amount of goodwill arising from prior business combinations became its carrying amount at that date in accordance with the Group's previous accounting policies. No other adjustments should be made to the carrying amount of goodwill. The Group discontinued the amortisation of goodwill arising from prior business combination and the goodwill is tested annually for impairment.

  As required under the standard, the carrying amount of all negative goodwill arising from prior business combinations should be derecognised at 1 January 2011 with a corresponding adjustment to the opening balance of retained earnings as at 1 January 2011. The Group did not have any negative goodwill arising from prior business combinations and as such, no adjustment has been made with respect to negative goodwill.

- SFAS No. 23 (Revised 2010), "Revenue"

  There is no significant change in this standard. The standard provides illustrative examples which are not part of SFAS No. 23. As such, the adoption of this revised SFAS does not have any significant effect on the Group's consolidated financial statements.

- SFAS No. 25 (Revised 2009), "Accounting Policies, Changes in Accounting Estimates and Errors"

  This standard provides guidance on how to select and apply accounting policies and changes in accounting policies which were previously described in SFAS No. 1. This standard also eliminates the term "fundamental error" and considers errors to include both material errors and immaterial errors made deliberately to achieve a particular presentation of an entity's financial position, financial performance or cash flows.

  When an entity has not applied a new SFAS that has been issued but is not yet effective, the entity should disclose this fact, as well as known or reasonably estimable information relevant to assessing the possible impact that the application of the new SFAS will have on the entity's financial statements in the period of initial application.

  The Group reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for certain items and determined that certain adjustments to prior period consolidated financial statements were required (refer to Note 4).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

i. New and amended standards adopted by the Group (continued)

- SFAS No. 48 (Revised 2009), “Impairment of Assets”

  The revised standard provides enhanced guidance on the procedures that an entity should apply to ensure that its assets are carried at no more than their recoverable amount. At the end of each reporting period, an entity should assess whether there is any indication that an asset may be impaired after considering both the external and internal sources of information as well as any dividend from a subsidiary, jointly controlled entity or associate.

  However, irrespective of whether there is any indication of impairment, an entity should also test an intangible asset with an indefinite useful life, or an intangible asset not yet available for use or goodwill acquired in a business combination for impairment annually or at any time during an annual period, provided it is performed at the same time every year.

  This revised standard also provides guidance on how to measure the recoverable amount of an intangible asset with an indefinite useful life. Guidance on identifying the cash-generating unit to which an asset belongs is also provided as well as how to allocate goodwill to a cash generating unit and testing a cash generating unit with goodwill for impairment.

  The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years except for impairment of goodwill which should not be reversed in a subsequent period.

  It is also clear from the standard that the future cash flows should be estimated for the asset in its current condition. Estimates of future cash flows should not include estimated future cash inflows or outflows that are expected to arise from a future restructuring to which an entity is not yet committed; or improving or enhancing the asset’s performance.

  Management adopts this standard when performing its annual impairment testing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

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

The following new standards, amendments to existing standards and interpretations have been published and are mandatory for the first time for the Group's financial year beginning on 1 January 2011 or later periods, the Group has adopted them but they have no impact since they are not currently relevant to the Group's business.

- SFAS No. 2 (Revised 2009), "Statements of Cash Flows"

  There have been no significant amendments to the standard, except that cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control should be classified as cash flows from financing activities, rather than cash flows from investing activities.

  This standard does not have any impact on the Group's consolidated financial statements because there is no sale of interest in subsidiaries which resulted in a loss of control.

- SFAS No. 3 (Revised 2010), "Interim Financial Reporting"

  The standard requires the interim financial report to contain a statement of income for the current interim period and cummulatively for the current financial year to date, with comparative statements of comprehensive income for the comparative interim periods (current and year to date of the preceding financial year) as either one statement or two statements. The statements of financial position are presented with a comparative as at the end of the immediately preceding financial year.

- SFAS No. 8 (Revised 2010), "Events after the Reporting Period"

  This standard provides guidance when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period. This standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate. There have been no significant changes compared to the previous standard. As such, the adoption of this revised standard did not have any effect on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

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

- SFAS No. 19 (Revised 2010), "Intangible Assets"

  This standard deals with the accounting treatment for intangible assets that are not dealt with specifically in another standard. Intangible assets can be recognised, if and only if, it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably.

  The standard enhances or provides guidance on the identifiability of intangible assets, how to measure the fair value of an intangible asset acquired in a business combination and the acquisition of intangible assets by way of a Government grant. The standard also provides guidance on measurement after recognition, for which the use of either the cost or revaluation model is now allowed. Intangible assets with indefinite useful lives should not be amortised and should be tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

- SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets"

  This standard prescribes the accounting and disclosures for all provision, contingent liabilities and contingent assets, except for those resulting from: (a) financial instruments that are carried at fair value; (b) those resulting from executory contracts, except where the contract is onerous; (c) those arising in insurance entities from contracts with policyholders; and (d) those covered by another standard. There have been no significant changes from the previous version of this standard, except that this revised standard provides clearer guidance on certain transactions. Therefore the changes to this standard will not have any impact on the Group's consolidated financial statements.

- SFAS No. 58 (Revised 2009), "Non-current Assets Held for Sale and Discontinued Operations"

  This revised SFAS provides guidance on accounting for assets held for sale and the presentation and disclosure of discontinued operations whereas the previous standard only provides guidance on accounting for discontinued operations. An entity should classify a non-current asset (or disposed company) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An entity should not classify as held for sale a non-current asset (or disposed company) that is to be abandoned. However, if the disposed company to be abandoned meets certain criteria, the entity should present the results and cash flows of the disposed company as discontinued operations in accordance with the standard at the date on which it ceases to be used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

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

- SFAS No. 58 (Revised 2009), "Non-current Assets Held for Sale and Discontinued Operations" (continued)

  An entity should measure a non-current asset (or disposed company) classified as held for sale at the lower of its carrying amount and fair value less cost to sell. An entity should measure a non-current asset (or disposed company) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

  An entity should present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal company).

- Interpretation of Financial Accounting Standards (IFAS) No. 7, "Consolidation of Special Purpose Entities"

  This interpretation requires a Special Purpose Entity (SPE) to be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.

- IFAS No. 9, "Changes in Existing Decommissioning, Restoration and Similar Liabilities"

  This interpretation provides guidance on how the effect of a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, current market-based discount rate and an increase that reflects the passage of time (unwinding of the discount) that change the measurement of an existing decommissioning, restoration, or similar liability should be accounted for. The Group has adopted an accounting policy which is consistent with this interpretation.

- IFAS No. 10, "Customer Loyalty Programs"

  IFAS No. 10 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFAS No. 10 is not relevant to the Group's operations because none of the Group's companies operate any customer loyalty programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

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

- IFAS No. 11, "Distribution of Non-cash Assets to Owners"

  This interpretation applies to the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners:
  (a) distributions of non-cash assets (e.g. property, plant and equipment, businesses, ownership interests in another entity or disposal groups) as defined in SFAS No. 58 (Revised 2009); and
  (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

  This interpretation applies only to distributions in which all owners of the same class of equity instruments are treated equally.

- IFAS No. 12, "Jointly Controlled Entities: Non-monetary Contributions by Venturers"

  This interpretation provides guidance on accounting for venturer's non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the joint controlled entity that is accounted for using either the equity method or proportionate consolidation.

- IFAS No. 14, "Intangible Assets - Website Costs"

  This interpretation provides guidance on the accounting treatment for internal expenditure incurred by an entity on the development and operation of its own website for internal or external access.

- IFAS No. 17, "Interim Financial Reporting and Impairment"

  This interpretation provides guidance as to whether an entity should reverse impairment losses recognised in an interim period on goodwill or investment in equity securities and financial assets carried at costs if a loss would have not been recognised, or a smaller loss would have been recognised, had an impairment assessment been made only at the end of a subsequent reporting period. This interpretation does not allow an entity to reverse an impairment loss recognised in a previous interim period in respect of goodwill or investment in equity securities or financial assets carried at costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

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

The withdrawals of these standards and interpretations did not result in significant changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial year:
- SFAS No. 6, "Accounting and Reporting for Development-Stage Entities";
- SFAS No. 21, "Accounting for Equity";
- SFAS No. 40, "Accounting for Changes in Equity of the Subsidiaries or Associates";
- IFAS No. 1, "Determining Market Price of Dividend";
- IFAS No. 2, "Presentation of Capital in the Balance Sheet and Subscription Receivables"; and
- IFAS No. 3, "Accounting for Donation or Endowment".

iii. New standards, amendments and interpretations issued but not effective for the financial year beginning on or after 1 January 2011 and not early adopted

The Indonesian Institute of Accountants have issued the following revised accounting standards that may be applicable to the Group's consolidated financial statements covering periods beginning on or after 1 January 2012:
- SFAS No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates";
- SFAS No. 13 (Revised 2011), "Investments Properties";
- SFAS No. 16 (Revised 2011), "Fixed Assets";
- SFAS No. 18 (Revised 2010), "Accounting and Reporting by Retirement Benefit Plans";
- SFAS No. 24 (Revised 2010), "Employee Benefits";
- SFAS No. 26 (Revised 2011), "Borrowing Costs";
- SFAS No. 28 (Revised 2011), "Accounting For Loss Insurance";
- SFAS No. 30 (Revised 2011), "Lease";
- SFAS No. 33 (Revised 2011), "Stripping Activities and Environmental Management on General Mining";
- SFAS No. 34 (Revised 2010), "Construction Contracts";
- SFAS No. 36 (Revised 2010), "Accounting for Life Insurance";
- SFAS No. 45 (Revised 2011), "Report of Non-profit Entity";
- SFAS No. 46 (Revised 2010), "Income Taxes";
- SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation";
- SFAS No. 53 (Revised 2010), "Share-Based Payments";
- SFAS No. 55 (Revised 2010), "Financial Instrument: Recognition and Measurement";
- SFAS No. 56 (Revised 2011), "Earning Per Share";
- SFAS No. 60, "Financial Instruments: Disclosures";
- SFAS No. 61, "Accounting for Government Grants and Disclosure of Government Assistance";

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosures (continued)

iii. New standards, amendments and interpretations issued but not effective for the financial year beginning on or after 1 January 2011 and not early adopted (continued)

- SFAS No. 62, "Insurance Contracts";
- SFAS No. 63 (Revised 2011), "Financial Reporting in Hyperinflationary Economies";
- SFAS No. 64 (Revised 2011), "Exploration and Evaluation of Mineral Resources";
- IFAS No. 13, "Hedging of a Net Investment in a Foreign Operation";
- IFAS No. 15, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- IFAS No. 16, "Service Concession Arrangements";
- IFAS No. 18, "Government Assistance - No Specific Relation to Operating Activities";
- IFAS No. 19, "Restatement Approach on SFAS No. 63: Financial Reporting in Hyperinflationary Economies";
- IFAS No. 20, "Income Taxes - Changes in the Tax Status of an Entity or its Shareholders";
- IFAS No. 22, "Service Concession Arrangements: Disclosure";
- IFAS No. 23, "Operating Lease – Incentives";
- IFAS No. 24, "Evaluating the Substance of Transaction Involving the Legal Form of a Lease";
- IFAS No. 25, "Landrights"; and
- IFAS No. 26, "Re-assessment of Embedded Derivatives".

The following withdrawals of accounting standards and interpretations have been published and are mandatory for the financial year beginning on or after 1 January 2012:

- SFAS No. 11, "Translation of Financial Statements in Foreign Currencies";
- SFAS No. 27, "Accounting for Cooperatives";
- SFAS No. 29, "Accounting for Oil and Gas";
- SFAS No. 39, "Accounting for Joint Operations";
- SFAS No. 52, "Reporting Currencies"; and
- IFAS No. 4, "Allowable Alternative Treatment of Foreign Exchange Differences".

As of the issuance date of the consolidated financial statements, management is still evaluating the impact of these revised standards/interpretation and their effect on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of comprehensive income.

Goodwill represents the excess of the acquisition cost over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. In the prior year, goodwill was amortised over the period of the PSC using the units of production method from the date of the acquisition based on estimated proven reserves. Changes in estimated reserves are accounted for on a prospective basis, from the beginning of the period in which the change occurs.

As a result of adopting SFAS No. 22 (refer to Note 2b.i), the Group has applied the new accounting policy prospectively in respect of goodwill whereby goodwill will no longer be amortised but will be tested annually for impairment and carried at cost less impairment.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation (continued)

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the statements of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statements of comprehensive income.

Associates

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the statements of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cummulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statements of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the subsidiaries unless otherwise stated.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation (continued)

The Subsidiaries included in the consolidated financial statements for the years ended 31 December 2011, 2010 and 2009 are as follows:

Name of Subsidiaries	Nature of business	Year of establishment	Total assets before eliminations 2011	2010	2009
1. Pertamina Energy Trading Limited (PETRAL) and Subsidiaries	Trading of crude oil and oil products	1976	24,889,966	20,814,203	12,280,855
2. PT Usayana and Subsidiaries	Oil and gas drilling services	1979	334,010	333,256	414,002
3. PT Pertamina Hulu Energi and Subsidiaries	Oil and gas exploration and production	1990	20,234,808	39,935,311	34,598,625
4. PT Patra Jasa	Rental of offices, housing, and operation of hotels	1975	408,640	365,320	362,930
5. PT Patra Niaga and Subsidiaries	Services, trading and industrial activities	1997	3,810,063	2,691,583	1,720,708
6. PT Pertamina Trans Kontinental and Subsidiaries	Shipping	1969	1,152,507	799,941	648,857
7. PT Pelita Air Service and Subsidiary	Air transportation services	1970	577,302	551,856	614,721
8. PT Pertamina Retail	Public fuel filling station Business	1997	208,369	201,726	207,566
9. PT Pertamina Bina Medika	Health services and operation of hospitals	1997	1,009,846	911,020	846,869
10.PT Pertamina Dana Ventura and Subsidiary	Investment management	2002	1,386,114	1,194,881	1,100,894
11.PT Pertamina Training & Consulting	Human resources development services	1999	97,331	50,357	48,000
12.PT Pertamina EP	Oil and gas exploration and production	2005	89,827,230	81,601,203	70,053,360
13.PT Pertamina Geothermal Energy	Geothermal activities, including exploration for and production of steam and generation of electricity	2006	9,194,812	6,853,644	4,532,029
14. Pertamina E&P Libya Limited	Oil and gas exploration and production	2005	1,409	1,901	14,731
15.PT Pertamina EP Cepu	Oil and gas exploration and production	2005	5,649,045	4,263,195	2,886,274
16.PT Pertamina Gas and Subsidiary	Oil and gas trading, gas transportation, processing, distribution and storage	2007	5,426,060	4,516,581	1,745,882
17.PT Tugu Pratama Indonesia and Subsidiaries	Insurance services	1981	3,545,130	3,160,558	3,386,682
18.PT Pertamina Drilling Services Indonesia	Oil and gas drilling services	2008	3,609,612	2,471,854	1,797,947
19.PT Pertamina EP Randugunting	Oil and gas exploration and production	2007	-	-	10,763

The Company classifies its investments in PT Arun Natural Gas Liquefaction and PT Badak Natural Gas Liquefaction as available for sale at cost because the Company's ownership interests in those companies are held on behalf of the Government and in substance, the Company does not have control over those companies. Because the operations of these companies are controlled by the gas (LNG) seller.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Related party transactions

The Company enters into transactions with related parties as defined in SFAS No. 7 (Revised 2010) "Related Party Disclosures". All significant transactions and balances with related parties are disclosed in the notes to these consolidated financial statements.

e. Cash and cash equivalents

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

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

Cash and cash equivalents which are restricted for repayment of currently maturing obligations are presented as "Restricted Funds" under the Current Assets section of the consolidated balance sheets. Cash and cash equivalents which will be used to repay obligations maturing after one year from the consolidated balance sheet date are presented as part of "Other Assets - net" under the Non-Current Assets section of the consolidated balance sheets.

f. Financial assets and liabilities

I. Financial assets

The Group classifies its financial assets into the categories of: (i) financial assets at fair value through profit or loss, (ii) held-to-maturity investments, (iii) loans and receivables and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments in equity securities, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are financial guarantee contracts or designated and effective hedging instruments. Gains or losses arising from changes in fair value of the financial assets are presented in the consolidated statements of comprehensive income in the period in which they arise.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statements of comprehensive income, and subsequently carried at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

I. Financial assets (continued)

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the Group has the positive intention and ability to hold to their maturity, except for:
(a) investments that upon initial recognition are designated as financial assets at fair value through profit or loss;
(b) investments that are designated in the category of available-for-sale; and
(c) investments that meet the definition of loans and receivables.

These investments are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Held-to-maturity investments are initially recognised at fair value including directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

Interest on investments calculated using the effective interest rate method is recognised in the consolidated statements of comprehensive income as part of finance income.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments and not quoted in an active market. These financial assets are included in current assets, except where expected to mature more than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are initially recognised at fair value including directly attributable transaction costs and subsequently carried at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as loans or receivables, held-to-maturity investments and financial assets at fair value through profit or loss. These financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognised at fair value, including directly attributable transaction costs. Subsequently, the financial assets are carried at fair value, with gains or losses recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the financial assets are derecognised. If the available-for-sale financial assets are impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets and liabilities (continued)

II. Financial liabilities

The Group classifies their financial liabilities into the categories of: (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities carried at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition. Financial liabilities are derecognised when they are extinguished which is when the obligation specified in a contract is discharged or cancelled or expires.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of repurchasing it in the short term.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value, with gains or losses recognised in the consolidated statements of comprehensive income.

(ii) Financial liabilities carried at amortised cost

Financial liabilities that are not classified as financial liabilities carried at fair value through profit or loss are initially recognised at fair value, less directly attributable transaction costs. Subsequently, the financial liabilities are carried at amortised cost using the effective interest method. These liabilities are included in current liabilities, except for liabilities with an unconditional right to defer the settlement for at least 12 months after the reporting period. These are classified as non-current liabilities.

Gains and losses are recognised in the consolidated statements of comprehensive income when the financial liabilities are derecognised or impaired, as well as through the amortisation process.

III. Offsetting financial instruments

Financial assets and liabilitites are offset and the net amount reported in the consolidated statements of financial position (balance sheets) when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Impairment of financial assets

I. Assets carried at amortised cost

The Group asseses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the Group's financial asset or group of financial assets that can be reliably estimated.

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

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in the consolidated statements of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss will be reversed either directly or by adjusting an allowance account. The reversal will not result in carrying of the financial asset at an amount that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment was reversed. The reversal amount will be recognised in the consolidated statements of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Impairment of financial assets (continued)

II. Assets classified as available for sale

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the assets are impaired, the cumulative loss that had been recognised in equity will be reclassified from equity to the consolidated statements of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is reclassified from equity to the consolidated statements of comprehensive income will be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of comprehensive income.

The impairment losses recognised in the consolidated statements of comprehensive income for an investment in an equity instrument classified as available for sale will not be reversed through the consolidated statements of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occuring after the impairment loss was recognised in the consolidated statements of comprehensive income, the impairment loss is reversed through the consolidated statements of comprehensive income.

h. Receivables

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

Restructuring of accounts receivable

Restructuring of accounts receivable includes modification of the terms of the receivables, the conversion of receivables into investments or other financial instruments and/or a combination of both.

Losses arising from the restructuring of accounts receivable relating to the modification of the terms of accounts receivable are recognised only if the present value of future cash receipts that have been defined in the restructuring terms, including cash receipts designated either as interest or principal, is less than the carrying value of the accounts receivable before the restructuring.

For the restructuring of accounts receivable through the conversion of receivables into investments or other financial instruments, restructuring losses on accounts receivable are recognised only if the fair value of investments in shares or financial instruments received less estimated costs to sell is less than the net book value of accounts receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Inventories

Crude oil and oil products inventories are recognised at the lower of cost and net realisable value.

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

The net realisable value of subsidised fuel products (BBM) is the Mid Oil Platt's Singapore (MOPS) price plus distribution costs and a margin (Alpha), less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of LPG 3 kg cylinders is the Aramco LPG Contract Price plus distribution costs and a margin (Alpha), less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials such as spare parts, chemicals and others are stated at average cost. Materials exclude obsolete, unuseable and slow-moving materials which are recorded as part of the "Non-current assets - Other assets - net" account.

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

j. Prepayments

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

k. Long-term investments

(i) Investments in associates

Associates are all entities over which the Group has ownership interests of at least 20% but generally not more than 50%, directly or indirectly, and has significant influence, but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

Based on this method, the cost of investments is increased or decreased by the Group's share of the net income or loss of the associates from the date of acquisition based on the percentage of ownership, less any cash dividends received. The movement in other comprehensive income of the associates is recognised in other comprehensive income of the Group's consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Long-term investments (continued)

(ii) Investment property - long-term investments

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

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

Building depreciation is computed using the straight-line method over the estimated useful lives of buildings ranging from 4 to 40 years.

An investment property is derecognised upon disposal or when such investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition or disposal of investment property are recognised in the consolidated statements of comprehensive income in the year such derecognition or disposal occurs.

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

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

l. Fixed assets

Direct ownership

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Fixed assets (continued)

Direct ownership (continued)

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

	Years
Landrights	10
Tanks, pipeline installations and other equipment	5-20
Refineries	40
Buildings	40
Ships	10-25
Aircraft	8-10
Moveable assets	5-10

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

Asset values are reviewed for any impairment and possible write-down to fair values whenever events or changes in circumstances indicate that the carrying values of the assets may not be fully recovered. Impairment of assets is recognised as a charge to current year operations.

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

Assets under construction

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

Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing construction of a qualifying asset, are capitalised up to the date when construction is complete. For borrowings directly attributable to a qualifying asset, the amount to be capitalised is determined as the actual borrowing costs incurred during the year, less any income earned on the temporary investment of such borrowings. For borrowings that are not directly attributable to a qualifying asset, the amount to be capitalised is determined by applying a capitalisation rate to the amount expended on the qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the total borrowings outstanding during the period, excluding borrowings directly attributable to financing the qualifying asset under construction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of fixed assets where the Group substantially has all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the outstanding finance balance. The interest element of the finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Fixed assets acquired under finance leases are depreciated similarly to owned assets. If there is no reasonable certainty that the Group will hold the ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If an arrangement contains a lease, the Group will assess whether such a lease is a finance or operating lease. If an arrangement contains a lease, a lease that transfers substantially to the lessee all of the risks and rewards incidental to ownership of the leased item is classified as a finance lease, otherwise it is classified as an operating lease.

n. Oil & gas and geothermal properties

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

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties wherein proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered. Proved property acquisition costs are amortised from the date of commercial production based on total estimated units of proved (both developed and undeveloped) reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Oil & gas and geothermal properties (continued)

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalised as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the wells have found proved reserves, the capitalised costs of drilling the wells are tested for impairment and transferred to assets under construction - development wells (even though the well may not be completed as a producing well). If, however, the well has not found proved reserves, the capitalised costs of drilling the well are then charged to expense.

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

The costs of successful exploration wells and development wells (production wells) are depleted using a units-of-production method on the basis of proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods, from the date of commercial production of the respective field.

Other oil & gas and geothermal properties are depreciated using the straight-line method over the lesser of their estimated useful lives or the term of the relevant Cooperation Contract as follows:

	Years
Installations	3 - 30
LPG plant	10 - 20
Buildings	5 - 30
Moveable equipment	2 - 27
Geothermal wells	10

Land and landrights are stated at cost and are not amortised.

The useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively if appropriate, at each financial year end.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Oil & gas and geothermal properties (continued)

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

Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing the construction of a qualifying asset, are capitalised up to the date when construction is complete. For borrowings directly attributable to a qualifying asset, the amount to be capitalised is determined as the actual borrowing costs incurred during the year, less any income earned on the temporary investment of such borrowings. For borrowings that are not directly attributable to a qualifying asset, the amount to be capitalised is determined by applying a capitalisation rate to the amount expended on the qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the total borrowings outstanding during the period, excluding borrowings directly attributable to financing the qualifying asset under construction.

<u>Ownership interests in unitised operations</u>

A joint asset is an asset to which each party has rights, and often has joint ownership. Each party has exclusive rights to a share of the asset and the economic benefits generated from that asset.

In a unitisation, all the operating and non-operating participants pool their assets in a producing field to form a single unit and in return receive an undivided interest in that unit. As such, a unitisation operation is a jointly controlled asset arrangement. Under this arrangement, the Company records its share of the joint asset, any liabilities it incurs, its share of any liabilities incurred jointly with the other parties relating to the joint arrangement, any revenue from the sale or use of its share of the output of the joint asset and any expenses it incurs in respect of its interest in the joint arrangement. If the Company is the operator, it recognises receivables from the other parties (representing the other parties' share of expenses and capital expenditure borne by the operator); otherwise, the Company recognises payables to the operator.

o. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Provision for decommissioning and site restoration

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

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

The changes in the measurement of these obligations that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate will be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset should not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the consolidated statements of comprehensive income. If the adjustment results in an addition to the cost of an asset, the Group will consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the Group will test the asset for impairment by estimating its recoverable amount, and will account for any impairment loss incurred.

Provision for environmental issues that may not involve the retirement of an asset, where the Group is responsible party, are recognised when:
- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Such provision is presented net of the restricted cash held, where applicable, which represents the deposit for the site restoration, decommissioning and post operation obligations. This deposit is maintained in a joint bank account between Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (BPMIGAS) and the Company and can only be used for such purposes with the approval from BPMIGAS, or should be transferred to BPMIGAS if the activities are not conducted by the Group.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Revenue and expense recognition

(i) Revenue

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

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

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

Penalty income from overdue receivables from BBM sales is recognised to the extent that it is probable that the Company will receive economic resources related to the settlement of those receivables, and is generally recognised when the Company and its customers agree on the amount of the penalties and there is evidence that the customers have committed to pay the penalties.

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

(ii) Expenses

Expenses are recognised when incurred on an accrual basis.

r. Pension plan and employee benefits

(i) Post-retirement benefit obligation

Pension schemes are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions. A defined contribution plan is a post-retirement benefit plan under which an enterprise pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Pension plan and employee benefits (continued)

(i) Post-retirement benefit obligation (continued)

The Group is required to provide a minimum amount of pension benefit in accordance with Labour Law No. 13/2003 or the Company's Collective Labour Agreement (the "CLA"), whichever is higher. Since the Labour Law or the CLA sets the formula for determining the minimum amount of benefits, in substance pension plans under the Labour Law or the CLA represent defined benefit plans. The liability recognised in the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the financial statement date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality Government bonds (considering currently there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating the terms of the related pension liability.

Expenses charged to the consolidated statements of comprehensive income includes the current service cost, interest expense, amortisation of past service costs and actuarial gains and losses.

Past-service costs are recognised immediately in the consolidated statements of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, when exceeding 10% of the present value of the defined benefit obligation (before deducting any plan assets) or 10% of the fair value of any plan assets, are charged or credited to the consolidated statements of comprehensive income over the average remaining service lives of the employees participating in the plan.

The defined benefits asset or liability comprises the present value of the defined benefits obligation (determined by discounting the estimated future cash outflows using discount rate based on high quality corporate bonds or Government bonds traded on an active market as currently there is no deep market for corporate bonds in Indonesia that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation), less the fair value of plan assets out of which the obligations are to be settled and less past service costs not yet recognised, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Plan assets are assets that are held by a long-term employee benefits fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid to the Group. Fair value is determined based on market price information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Pension plan and employee benefits (continued)

(i) Post-retirement benefit obligation (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions involving post-employment benefits plans are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeds the greater of 10% of the present value of the defined benefits obligation and 10% of the fair value of plan assets at that date. These gains or losses are charged or credited to the consolidated statements of comprehensive income over the employees on a straight-line basis over the expected average remaining working lives of the employees.

Past service costs arising from the introduction of a defined benefits plan or changes in the benefits payable of an existing defined benefits plan are amortised on a straight-line basis over the average period until the benefits concerned become vested. To the extent that the benefits are vested immediately following the introduction of, or changes to, a defined benefit plan, the past service costs are recognised immediately.

(ii) Termination benefits

Termination benefits are payable when employee's employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises the termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iii) Other long-term employee benefits

The Company provides other long-term employee benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statements of comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

s. Foreign currency transactions and balances

The Group maintains their accounting records in Rupiah, except for PETRAL, Pertamina E&P Libya Ltd., and PHE's subsidiaries which maintain accounting records in foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Foreign currency transactions and balances (continued)

The accounts of the foreign currency denominated operations that are integral to the Company are translated as if the transactions of the foreign currency denominated operations were the Company's own transactions.

For domestic and foreign subsidiaries that are not integral to the Company's operations and for which the functional currency is not Rupiah, the assets and liabilities are translated into Rupiah at the exchange rates prevailing at the balance sheet date. The equity is translated at historical exchange rates. The revenue and expenses are translated at average exchange rates for the period.

The net difference in the translation of the Subsidiaries' financial statements is presented as "differences arising from translation of foreign currency financial statements" under the other comprehensive income section in the consolidated statement of financial position (balance sheets).

The exchange rates used as of 31 December 2011, 2010 and 2009 were as follows (full amount):

	2011	2010	2009
US Dollar/Rupiah	9,068	8,991	9,400
Singapore Dollar/Rupiah	6,974	6,981	6,699
JapaneseYen/Rupiah	117	110	102
Hong Kong Dollar/Rupiah	1,167	1,155	1,212
Euro/Rupiah	11,739	11,956	13,510

The resulting net foreign exchange gains or losses are recognised in the current period's consolidated statement of comprehensive income, except for the foreign exchange differences arising in relation to borrowings which qualify for capitalisation as part of assets under construction.

t. Income tax

The balance sheet liability method is applied to determine income tax expense. Under this method, current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognised for temporary differences between commercial assets and liabilities and the tax bases at each reporting date.

Deferred tax assets and liabilities involving activities other than PSC activities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities involving PSC activities are measured at the tax rates in effect at the effective dates of the PSCs or extensions or amendments of such PSCs. Changes in deferred tax assets and liabilities as a result of amendments of tax rates are recognised in the current year, except for transactions previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses and unrecovered PSC costs are recognised to the extent that it is probable that in the future, taxable income will be available against which the unused tax losses and unrecovered PSC costs can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Income tax (continued)

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

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, it establishes provisions based on the amounts expected to be paid to the tax authorities.

u. Segment information

An operating segment is a component of an enterprise:

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

v. Impairment of non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Bonds issuance costs

Bonds issuance costs are presented as deduction from “Bonds Payable” as part of non-current liabilities in the consolidated statements of financial position.

The difference between net proceeds and nominal value represents discount which is amortised using the effective interest method over the term of the Notes.

x. Joint venture

The Group‘s interests in jointly controlled entities are accounted for based on proportionate consolidation. The Group‘s combines its share of the joint venture‘s individual income and expenses, asset and liabilities, and cash flows on a line-by-line basis with similar items in the Group‘s consolidated financial statements. The Group recognises the portion of gains and losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profit or losses from the joint venture that result from the Group‘s purchase of assets from the joint venture until it resells the assets to the independent party. However, a loss on the transactions is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Gains or losses from non-monetary contributions to a jointly controlled entity is recognised in the consolidated statement of comprehensive income to the extent of the other venturer’s interest. Any unrealised gains or losses from non-monetary contribution assets are eliminated against the underlying assets.

y. Share capital

Ordinary shares are classified as equity.

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

z. Dividends

Dividend distribution to the shareholders is recognised as a liability in the Group consolidated financial statements in the period in which the dividends are declared.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and also the amounts of revenue including expenses during the reporting period. Estimation, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations to the occurance of future events.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the consolidated financial statements.

(i) Reserve estimates

The amounts recorded for depletion, depreciation and amortisation as well as the recovery of the carrying value of oil and gas properties and fixed assets involving production of oil and gas depend on estimates of oil and gas reserves. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for natural gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.

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

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charged in the consolidated statements of comprehensive income may change where such charges 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.

(ii) Exploration and evaluation expenditures

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(iii) Development expenditures

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

(iv) Provision for decommissioning and site restoration

The Group's accounting policy for the recognition of decommissioning and site restoration provisions requires significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required decommissioning and site restoration activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

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

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

If the discount rate and decommissioning costs used differ by 10% from management's estimates, the carrying amount of provision for decommissioning and site restoration will be an estimated Rp898,513 lower or Rp879,966 higher.

(v) Income taxes

The calculation of the Group's income tax expense involves the interpretation of applicable tax laws and regulations including the Group's Cooperation Contract as well as the related Government regulation, such as Government Regulation No. 79 dated 20 December 2010 regarding Cost Recovery and Income Tax Treatment in the Upstream Oil and Gas Business. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or the Government's auditor, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. The Group recognises liabilities for anticipated audit issues based on estimates whether additional taxes will be due.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(v) Income taxes (continued)

Judgement and assumptions are required in determining capital allowances and the deductibility of certain expenses during the estimation of the provision for income taxes of each entity within the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will have an impact on the income tax and deferred income tax provision in the period in which the determination was made.

Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production, sales volumes or sales of service, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

(vi) Impairment of non-financial assets

In accordance with the Group's accounting policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit of group of assets is measured at the higher of fair value less costs to sell and value in use.

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Proven oil and gas properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the greater of an asset's fair value less cost to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see 'Reserve estimates' above), operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired, or the impairment charge reduced, with the impact recorded in the consolidated statement of comprehensive income.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(vii) Post-employment benefits

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, future remuneration changes, employee attrition rates, life expectancy and expected remaining periods of service of employees. Any changes in these assumptions will have an impact on the carrying amount of pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligation. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds (or Government bonds, if there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions (Note 21).

Were the discount rate of PPMP used to differ by 1% from management’s estimates, the carrying amount of pension obligations would be an estimated Rp752,701 lower or Rp886,622 higher.

Were the discount rate of post-retirement healthcare benefits used to differ by 1% from management’s estimates, the carrying amount of post-retirement healthcare benefits obligations would be an estimated Rp2,336,638 lower or Rp2,975,413 higher.

(viii) Depreciation, estimate of residual values and useful lives of fixed assets

The useful lives of each item of the Group's investment properties and fixed assets are estimated to be based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment properties and fixed assets would increase the recorded depreciation and decrease the carrying values of these assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(ix) Due from Government

The Group recognises due from Government for cost subsidy for certain fuel (BBM) products, kerosene conversion to LPG program and marketing fee in relation to the Government's share of crude oil, natural gas and LNG. The Group makes an estimation of the amount of due from Government based on historical information. The amount is subject to audit and approval by the Government auditor (BPK). The actual results may be different to the amount recognised.

(x) Oil and Gas Properties

The Group follows the principles of the successful efforts method of accounting for its oil and natural gas exploration and evaluation activities.

For exploration and exploratory-type stratigraphic test wells, costs directly associated with the drilling of those wells are initially capitalised within assets under construction within oil and gas properties, pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. The determination is usually made within one year after well completion, but can take longer, depending on the complexity of the geological structure. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Such estimates and assumptions may change as new information becomes available. If the well does not discover potentially economic oil and gas quantities, the well costs are expensed as a dry hole and are reported in exploration expense.

(xi) Accrual for bonus

The accrual for bonus represents expenses from payment of employee benefits which consist of tantiem, bonus and employee incentives. The accrual is based on a formula that was agreed by management which depends on the finance and non-finance performance of measurement. Management estimates the amount based on the existing supporting information at the balance sheet date. The amount may be changed if the actual finance and non-finance measurement performance are finalised.

(xii) Provision for impairment of loan and receivables

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

The level of provision is based on past collection experience and other factors that may affect collectability such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(xii) Provision for impairment of loan and receivables (continued)

If there is objective evidence of impairment, timing and collectible amounts are estimated based on historical loss data. Provision for impairment is provided on accounts specifically identified as impaired. Loans and receivables written-off are based on management's decisions that the financial assets are uncollectible or cannot be realised regardless of actions taken. Evaluation of receivables to determine the total allowance to be provided is performed periodically during the year. Therefore, the timing and amount of provision for doubtful accounts recorded at each period might differ based on the judgements and estimates that have been used.

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements

Effective 1 January 2011, the Group adopted SFAS No. 12 (Revised 2009), "Interests in Joint Ventures", and chose to use the proportionate consolidation method, one of two permitted methods under SFAS No. 12 (Revised 2009), to recognise its participating interest in jointly controlled entities. In conjunction with the adoption of SFAS No. 12 (Revised 2009), the Group performed a reassessment of the certain jointly controlled entities that had previously been consolidated as subsidiaries or recorded under the equity method of accounting. Adjustments have been made to reflect the use of the proportionate consolidation method for the Company's investments in these jointly controlled entities. Each of the affected financial statement line items for the prior periods has been restated as included in the "Restatement" column in the following tables.

Effective 1 January 2011, the Group adopted SFAS No. 7 (Revised 2010), "Related Party Disclosures". The standard requires, among others, disclosures of transactions and outstanding balances with Government-related entities, as the Group is ultimately controlled by the Indonesian government. Prior to the adoption of SFAS 7 (Revised 2010), the accounting standard specified that government department and agencies were deemed not to be related parties. As such, the Group has reclassified receivables from and payables to Government-related entities previously presented as third parties in the prior periods to receivables from and payables to related parties as included in the "Reclassification" column in the following tables and indicated with *.

Effective 1 January 2011, the Group reclassified presentation of non-controlling interests following the mandatory adoption of SFAS No. 4 (Revised 2009). Refer to Note 2(b)(i) for a description of the reclassification as included in the "Reclassification" column in the following tables and indicated with **.

The Group's management reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for certain items, and determined that certain adjustments were required to prior years consolidated statement of comprehensive income in relation to (1) the Government's share of gas sales because the Group is acting as an agent in those agreements on behalf of the Government; and (2) certain expenses related to transportation to deliver LPG to its point of sales. These adjustments are included in the "Reclassification" column in the following tables and indicated with ***.

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements (continued)

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 have been restated as follows:

	Before restatement (audited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (audited)
Consolidated statement of financial position (balance sheet)				
Cash and cash equivalents	21,134,158	(124,989)	-	21,009,169
Restricted funds	2,949,603	(20,000)	-	2,929,603
Trade receivables				
Related parties	676,130	(193,535)	7,649,587*	8,132,182
Third parties	19,654,144	143,287	(7,778,744)*	12,018,687
Other receivables				
Related parties	2,718,080	-	129,213*	2,847,293
Third parties	3,730,320	17,797	(56)*	3,748,061
Inventories	57,369,840	73,414	-	57,443,254
Prepaid taxes - current portion	2,401,807	61,923	-	2,463,730
Prepayments	702,746	162	-	702,908
Deferred tax assets - net	6,805,729	(1,674)	-	6,804,055
Long-term investments - net of current portion	5,970,594	(353,015)	-	5,617,579
Fixed assets	65,270,664	397,245	-	65,667,909
Other assets - net	2,797,573	(18,347)	-	2,779,226
Total assets	266,514,568	(17,732)	-	266,496,836
Trade payables				
Related parties	433,116	(20,534)	748,557*	1,161,139
Third parties	32,147,362	(22,447)	(748,557)*	31,376,358
Due to the Government - current portion	18,247,598	-	249,963*	18,497,561
Taxes payables	6,297,603	9,145	-	6,306,748
Accrued expenses	7,428,124	2,142	(249,963)*	7,180,303
Long-term liabilities - current portion	6,088,916	50,699	-	6,139,615
Third parties	4,550,153	(2,352)	-	4,547,801
Deferred tax liabilities - net	5,773,712	509	-	5,774,221
Long-term liabilities - net of current portion	18,364,424	273,047	-	18,637,471
Provision for employee benefits	31,910,453	433	-	31,910,886
Other non-current payables	710,049	51,947	-	761,996
Total liabilities	161,473,694	342,589	-	161,816,283
Minority interest in net assets of consolidated subsidiaries	962,490	(360,321)	(602,169)**	-
Total equity	104,078,384	-	602,169**	104,680,553
Total liabilities and equity	266,514,568	(17,732)	-	266,496,836

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements (continued)

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 have been restated as follows: (continued)

	Before restatement (audited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (audited)
Consolidated statement of comprehensive income				
Domestic sales of crude oil, natural gas, geothermal energy and oil products	320,102,893	(852,065)	(5,657,633)***	313,593,195
Export of crude oil and oil products	37,922,312	547,614	-	38,469,926
Total sales and other operating revenues	438,011,566	(304,451)	(5,657,633)***	432,049,482
Cost of goods sold	371,023,883	(385,950)	(3,463,108)***	367,174,825
Total cost of sales and other direct costs	392,462,747	(385,950)	(3,463,108)***	388,613,689
Gross profit	45,548,819	81,499	(2,194,525)***	43,435,793
Selling and marketing expenses	7,832,783	-	(2,194,525)***	5,638,258
General and administration expenses	9,934,979	(79)	-	9,934,900
Total operating expenses	17,767,762	(79)	(2,194,525)***	15,573,158
Income from operations	27,781,057	81,578	-	27,862,635
Foreign exchange gain	1,690,600	5,312	-	1,695,912
Finance costs	(2,620,538)	(11,865)	-	(2,632,403)
Other income - net	1,551,108	(18,440)	-	1,532,668
Total other income-net	2,087,734	(24,993)	-	2,062,741
Share in net income of associates	32,826	(32,455)	-	371
Income before income tax expense	29,901,617	24,130	-	29,925,747
Current income tax expense	11,566,707	16,836	-	11,583,543
Deferred income tax expense	1,555,391	1,674	-	1,557,065
Total income tax expense	13,122,098	18,510	-	13,140,608
Income before minority interests	16,779,519	5,620	-	16,785,139
Minority interests	(3,965)	(5,620)	9,585**	-
Net income	16,775,554	-	(16,775,554)**	-
Income attributable to:				
- Owners of the parent	-	-	16,775,554**	16,775,554
- Non-controlling interests	-	-	9,585**	9,585
Comprehensive income attributable to:				
- Owners of the parent	-	-	16,731,068**	16,731,068
- Non-controlling interests	-	-	(19,492)**	(19,492)

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements (continued)

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 have been restated as follows: (continued)

	Before restatement (audited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (audited)
Consolidated statements of cash flows				
Cash flows from operating activities	22,378,927	(347,404)	-	22,031,523
Cash flows from investing activities	(16,196,981)	184,175	-	(16,012,806)
Cash flows from financing activities	505,610	(9,543)	-	496,067
Net increase/(decrease) in cash and cash equivalents	6,687,556	(172,772)	-	6,514,784
Cash and cash equivalents at the beginning of year	14,739,451	47,783	-	14,787,234
Cash and cash equivalents at the ending of year	21,134,158	(124,989)	-	21,009,169

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 have been restated as follows:

	As previously reported (unaudited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (unaudited)
Consolidated statement of financial position (balance sheet)				
Cash and cash equivalents	14,739,451	47,783	-	14,787,234
Trade receivables				
Related parties	925,728	(446,751)	14,711,337*	15,190,314
Third parties	26,556,690	332,889	(14,747,285)*	12,142,294
Other receivables				
Related parties	72,589	-	46,402*	118,991
Third parties	1,308,170	24,892	(10,454)*	1,322,608
Inventories	52,390,787	32,677	-	52,423,464
Prepaid taxes - current portion	1,378,758	104,540	-	1,483,298
Prepayments	571,219	2,577	-	573,796
Deferred tax assets - net	6,297,992	278	-	6,298,270
Long-term investments - net of current portion	7,224,500	(320,560)	-	6,903,940
Fixed assets	60,983,053	581,420	-	61,564,473
Other assets - net	5,949,868	(2,287)	-	5,947,581
Total assets	302,393,039	357,458	-	302,750,497

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements (continued)

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 have been restated as follows: (continued)

	As previously reported (unaudited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (unaudited)
Consolidated statement of financial position (balance sheet) (continued)				
Trade payables				
Related parties	867,045	(277,878)	469,134*	1,058,301
Third parties	21,574,710	224,668	(469,134)*	21,330,244
Due to the Government - current portion	30,749,225	-	249,963*	30,999,188
Taxes payables	4,552,370	9,820	-	4,562,190
Accrued expenses	7,787,048	5,087	(249,963)*	7,542,172
Long-term liabilities - current portion	5,312,856	52,773	-	5,365,629
Other payables				
Third parties	4,623,408	2,708	-	4,626,116
Long-term liabilities - net of current portion	18,596,626	338,450	-	18,935,076
Provision for employee benefits	30,620,993	226	-	30,621,219
Other non-current payables	660,766	14,013	-	674,779
Total liabilities	159,604,217	369,867	-	159,974,084
Minority interest in net assets of consolidated subsidiaries	634,070	(12,409)	(621,661)**	-
Total equity	142,154,752	-	621,661**	142,776,413
Total liabilities and equity	302,393,039	357,458	-	302,750,497
Consolidated statement of comprehensive income				
Domestic sales of crude oil, natural gas, geothermal energy and oil products	297,721,939	(536,925)	(6,029,753)***	291,155,261
Export of crude oil and oil products	28,571,218	389,965	-	28,961,183
Total sales and other operating revenues	371,523,783	(146,960)	(6,029,753)***	365,347,070
Cost of goods sold	309,341,768	(215,806)	(4,055,587)***	305,070,375
Total cost of sales and other direct costs	326,354,827	(215,806)	(4,055,587)***	322,083,434
Gross profit	45,168,956	68,846	(1,974,166)***	43,263,636
Selling and marketing expenses	7,086,325	-	(1,974,166)***	5,112,159
General and administration expenses	10,404,832	6,951	-	10,411,783
Total operating expenses	17,491,157	6,951	(1,974,166)***	15,523,942

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

a. Restatements and reclassifications affecting 2010 and as previously reported 2009 financial statements (continued)

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 have been restated as follows: (continued)

	As previously reported (unaudited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As restated (unaudited)
Consolidated statement of comprehensive income (continued)				
Income from operations	27,677,799	61,895	-	27,739,694
Foreign exchange gain	149,235	18,106	-	167,341
Finance costs	(1,988,439)	(14,574)	-	(2,003,013)
Other income - net	484,368	(3,805)	-	480,563
Share in net income of associates	230,767	(40,953)	-	189,814
Income before income tax expense	27,887,075	20,669	-	27,907,744
Current income tax expense	8,995,079	13,837	-	9,008,916
Deferred income tax expense	2,806,728	3,999	-	2,810,727
Total income tax expense	11,801,807	17,836	-	11,819,643
Income before minority interests	16,085,268	2,833	-	16,088,101
Minority interests	117,941	(2,833)	(115,108)**	-
Net income	16,203,209	-	(16,203,209)	-
Income attributable to:				
- Owners of the parent	-	-	16,203,209**	16,203,209
- Non-controlling interests	-	-	(115,108)**	(115,108)
Comprehensive income attributable to:				
- Owners of the parent	-	-	14,459,674**	14,459,674
- Non-controlling interests	-	-	(20,853)**	(20,853)
Consolidated statements of cash flows				
Cash flows from operating activities	12,773,106	10,171	-	12,783,277
Cash flows from investing activities	(18,745,489)	(4,434)	-	(18,749,923)
Cash flows from financing activities	7,750,556	(227,163)	-	7,523,393
Net increase/(decrease) in cash and cash equivalents	1,778,173	(221,426)	-	1,556,747
Cash and cash equivalents at the beginning of year	15,665,337	269,209	-	15,934,546
Cash and cash equivalents at the ending of year	14,739,451	47,783	-	14,787,234

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

b. Restatements and reclassifications applied to the 2009 financial statements when the Group issued its financial statements on 21 April 2011

As part of the process of preparing the Group's consolidated financial statements as of and for the year ended 31 December 2010 (before any restatement and reclassification) issued on 21 April 2011, the Group's management reconsidered the interpretation of the facts and circumstances and the applicable accounting treatment for certain items and determined that certain adjustments and reclassifications to the 2009 consolidated financial statements were required as indicated in the "Restatement" columns in the table below, as follows:

1. Concession Assets
   The adjustments were related to the derecognition of concession assets for Public Fuel Filling Stations (SPBUs) which were constructed, owned and operated by independent investors. Previously, these SPBUs were recorded in the Group's consolidated balance sheet with deferred revenue as the contra account.

   An adjustment was also made for the reversal of the recognition of concession assets related to LPG Filling and Transport Stations (SPPBEs), landing craft transport (LCT) and LPG truck tankers which are owned and operated by independent investors. After restatement, these assets were recognised as finance lease assets.

   The impact of this restatement on the consolidated financial statements of the Group as of 31 December 2009 and for the year then ended is the derecognition of concession assets of Rp11,503,633, derecognition of deferred revenue of Rp11,890,131 (including the current portion of Rp854,161), recognition of finance lease assets - net and additional finance lease liabilities at the same amount of Rp1,688,159, increase in retained earnings of Rp386,498, decrease in depreciation expense of Rp932,385, decrease in other revenues of Rp773,873, respectively, as well as offset of concession assets operational expenses against revenues of Rp6,048,726, and reclassification of SPPBEs expenses as a finance charge in the amount of Rp157,984, and repayment of finance lease payable of Rp123,648, respectively.

2. Oil and gas property acquisitions by PHE
   An adjustment was made for deferred tax liabilities arising from fair value estimate of acquisitions of oil and gas properties by PHE. The impact of this restatement on the consolidated financial statements of the Group as of 31 December 2009 and for the year then ended is the recognition of goodwill and additional deferred tax liabilities in the same amount of Rp767,766 as well as increases in production and lifting expenses and deferred tax income in the same amount of Rp91,020.

3. Deferred tax assets adjustment on the elimination of the impact of unrealised profits in inventories related to intragroup sales
   An adjustment was made for deferred tax assets for the elimination of the impact of unrealised profits in inventories related to intragroup sales. The impact of the adjustment resulted in an increase of deferred tax assets of Rp284,000, a decrease of deferred tax expense of Rp247,771 as at 31 December 2009, and increase in retained earnings of Rp36,229 as at 31 December 2009, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

b. Restatements and reclassifications applied to the 2009 financial statements when the Group issued its financial statements on 21 April (continued)

In addition to the above, comparative figures in the consolidated financial statements for the year ended 31 December 2009 have been amended to conform to the basis on which the 2010 consolidated financial statements (before restatement) have been presented.

To conform with consolidated financial statements presentation, certain accounts on the 2009 consolidated balance sheet, consolidated statements of income and consolidated statements of cash flows have been reclassified as indicated in the "Reclassification" column.

	Before restatement (audited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As previously reported (unaudited)
Consolidated statement of financial position (balance sheet)				
Trade receivables				
Third parties	26,370,345	-	186,345	26,556,690
Due from the Government				
- current portion	9,867,303	-	(93,683)	9,773,620
Other receivables				
Third parties	1,056,504	-	251,666	1,308,170
Deferred tax assets - net	6,013,992	284,000[3]	-	6,297,992
Fixed assets	59,294,894	1,688,159[1]	-	60,983,053
Concession assets	11,503,633	(11,503,633)[1]	-	-
Prepaid taxes - net of current portion	-	-	15,999,783	15,999,783
Other assets - net	21,181,885	767,766[2]	(15,999,783)	5,949,868
Total assets	310,812,419	(8,763,708)	344,328	302,393,039
Trade payables				
Third parties	21,388,365	-	186,345	21,574,710
Due to the Government				
- current portion	30,842,908	-	(93,683)	30,749,225
Long-term liabilities				
- current portion	5,109,412	203,444[1]	-	5,312,856
Other payables				
Third parties	4,371,742	-	251,666	4,623,408
Deferred revenue				
- current portion	1,268,736	(854,161)[1]	-	414,575
Deferred tax liabilities - net	3,774,829	767,766[2]	-	4,542,595
Long-term liabilities - net of current portion	17,111,911	1,484,715[1]	-	18,596,626
Deffered revenue - net of current portion	13,662,398	(11,035,970)[1]	-	2,626,428
Total liabilities	168,694,095	(9,434,206)	344,328	159,604,217
Total equity	141,484,254	670,498	-	142,154,752
Total liabilities and equity	310,812,419	(8,763,708)	344,328	302,393,039

(Expressed in millions of Rupiah, unless otherwise stated)

4. RESTATEMENT AND RECLASSIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

b. Restatements and reclassifications applied to the 2009 financial statements when the Group issued its financial statements on 21 April 2011 (continued)

	Before restatement (audited)	Restatement adjustments (audited)	Reclassification adjustments (audited)	As previously reported (unaudited)
Consolidated statement of comprehensive income				
Domestic sales of crude oil, natural gas, geothermal energy and oil products	303,770,665	(6,048,726)[1]	-	297,721,939
Revenues in relation to other operating activities	3,229,361	(773,873)[1]	-	2,455,488
Total sales and other operating revenues	378,346,382	(6,822,599)	-	371,523,783
Upstream production and lifting costs	12,836,929	91,020[2]	(513,346)	12,414,603
Expenses in relation to other operating activities	2,327,602	-	292,656	2,620,258
Total cost of sales and other direct costs	326,484,497	91,020	(220,690)	326,354,827
Gross profit	51,861,885	(6,913,619)	220,690	45,168,956
Selling and marketing expenses	14,225,420	(7,139,095)[1]	-	7,086,325
General and administration expenses	10,184,142	-	220,690	10,404,832
Total operating expenses	24,409,562	(7,139,095)	220,690	17,491,157
Income from operations	27,452,323	225,476	-	27,677,799
Finance costs	(1,830,455)	(157,984)[1]	-	(1,988,439)
Other income - net	626,504	-	(142,136)	484,368
Total other income/ (expenses)-net	278,629	(157,984)	(142,136)	(21,491)
Share in net income of associates	88,631	-	142,136	230,767
Income before income tax expense	27,819,583	67,492	-	27,887,075
Deferred income tax expense	3,145,519	(338,791)[2,3]	-	2,806,728
Total income tax expense	12,140,598	(338,791)	-	11,801,807
Income before minority interests	15,678,985	406,283	-	16,085,268
Net income	15,796,926	406,283	-	16,203,209
Consolidated statements of cash flows				
Cash flows from operating activities	9,535,921	-	3,237,185	12,773,106
Cash flows from investing activities	(21,121,785)	-	2,376,296	(18,745,489)
Cash flows from financing activities	10,659,978	-	(2,909,422)	7,750,556
Net increase/(decrease) in cash and cash equivalents	(925,886)	-	2,704,059	1,778,173
Effect of exchange rate changes on cash and cash equivalents	-	-	(2,704,059)	(2,704,059)

1) concession asset
2) oil and gas property acquisitions by PHE
3) deferred tax assets adjustment on the elimination of the impact of unrealized profits in inventories related to intragroup sales

(Expressed in millions of Rupiah, unless otherwise stated)

5. ADDITION OF PARTICIPATING INTEREST AT WEST MADURA OFFSHORE BLOCK, ACQUISITION OF INPEX JAWA LIMITED AND INPEX SUMATERA LIMITED AND ACQUISITION OF BP WEST JAVA LIMITED

a. Addition of PT PHE West Madura's 30% participating interest in West Madura Offshore Block

PT Pertamina Hulu Energi West Madura Offshore ("PHE West Madura") owned 50% participating interest in West Madura Offshore PSC which expired on 6 May 2011. The remaining of each 25% participating interests were held by Kodeco Energy Limited ("Kodeco") and China Natural Offshore Oil Cooperation ("CNOOC").

After expiration of the PSC, the Government extended and assigned the West Madura Offshore PSC to PHE West Madura and Kodeco.

PHE West Madura and Kodeco have 80% and 20% participating interests, respectively. The PSC has been effective since 7 May 2011 and will expire on 6 May 2031. PHE West Madura and Kodeco have also entered into a joint operating agreement to undertake the exploration and production oil and gas activities, and continuing until the termination of the PSC. All assets and liabilities in the old joint venture were transferred to the new joint venture. These assets and liabilities which contributed to the formation of a new joint venture have been recorded at the previous carrying amount in accordance with the PHE and Subsidiaries' accounting policy.

The increase of PHE West Madura's net assets (including right and obligation) in the joint venture, which proportionally with the increase of its participating interest have been recorded in the consolidated financial statements. However, the settlement of net assets is still subject to clarification between the Government and PHE West Madura. Management believes that the final settlement will not significantly impact these consolidated financial statements.

The following is the details of net assets (included right and obligation) recorded by the PHE and Subsidiaries':

	6 May 2011
Restricted funds	7,722
Receivables	8,655
Prepayments	2,667
Income tax receivables	6,336
Inventories	20,025
Oil and gas properties, net	209,029
Payables	(33,486)
Other payables	(39,018)
Accrued expenses	(3,930)
Taxes payable	(77)
Net assets acquired	177,923
Net assets to be settled	**177,923**

(Expressed in millions of Rupiah, unless otherwise stated)

5. ADDITION OF PARTICIPATING INTEREST AT WEST MADURA OFFSHORE BLOCK, ACQUISITION OF INPEX JAWA LIMITED AND INPEX SUMATERA LIMITED AND ACQUISITION OF BP WEST JAVA LIMITED (continued)

b. Acquisition of Inpex Jawa Limited and Inpex Sumatera Limited (Inpex)

Effective from 30 September 2010, PHE acquired 100% of the shares of Inpex Jawa Limited (now renamed "Pertamina Hulu Energi Jawa Limited") for US$74,345,000 from Inpex Corporation (83.5%), Shoseki Overseas Oil Development Co. Ltd. (12.5%) and Jx Nippon Oil & Gas Exploration Corporation (4%).

Inpex Jawa Limited, a corporation domiciled in Japan holds a 7.25% participating interest in the Offshore Northwest Java (ONWJ) PSC. Inpex Jawa Limited has a 100% ownership interest in Inpex Sumatera Limited (now renamed "Pertamina Hulu Energi Sumatera Limited"), a corporation domiciled in Japan, which holds a 13.0674% participating interest in the Offshore Southeast Sumatera PSC.

Fair values of the assets and liabilities arising from this acquisition are as follows:

	2010
Cash and cash equivalents	193,684
Receivables	74,244
Other receivables	62,629
Inventories	14,647
Deferred charges and prepayments	30,551
Income tax receivables	116,006
Deferred tax assets	32,323
Oil and gas properties - net	353,392
Payables	(125,286)
Other payable	(3,988)
Taxes payable	(29,192)
Deferred tax liabilities	(54,143)
Fair value of net assets	664,867
Interest acquired	100%
Fair value of net assets acquired	664,867
Goodwill	-
Purchase consideration through cash payment	664,867
Cash and cash equivalents in Inpex	(193,684)
Net cash outflow on acquisition of Subsidiary	**471,183**

c. Acquisition of BP West Java Limited

Effective 25 June 2009, PHE acquired 100% of the shares of BP West Java Limited (now renamed "Pertamina Hulu Energi Offshore North West Java Limited") from ARCO Exploration Inc. for US$278,153,000 (or Rp2,844,114).

BP West Java Limited, a Delaware, US Corporation, holds a 46% participating interest in the Offshore Northwest Java (ONWJ) PSC and is the operator of such PSC.

(Expressed in millions of Rupiah, unless otherwise stated)

5. ADDITION OF PARTICIPATING INTEREST AT WEST MADURA OFFSHORE BLOCK, ACQUISITION OF INPEX JAWA LIMITED AND INPEX SUMATERA LIMITED AND ACQUISITION OF BP WEST JAVA LIMITED (continued)

c. Acquisition of BP West Java Limited (continued)

	2009
Purchase consideration through cash payment	2,844,114
Fair value of net assets acquired	2,041,696
Goodwill	**802,418**

Fair value of the assets and liabilities arising from this acquisition are as follows:

	2009
Cash and cash equivalents	208,908
Trade receivables	97,018
Other receivables	372,479
Inventories	61,523
Prepayment	1,955
Oil and gas properties - net	1,754,748
Trade payables	(247,533)
Taxes payable	(21,526)
Accruals	(418,227)
Other payables	(13,920)
Provision for employee benefit	(157,349)
Deferred tax liabilities	(465,666)
Book value of net assets	1,172,410
Excess of fair value over net book value allocated to oil and gas properties	1,671,704
Deferred tax liabilities arising from excess of fair value over net book value (tax rate: 48%)	(802,418)
Fair value of net assets acquired	2,041,696
Interest acquired	100%
Fair value of net assets acquired	2,041,696
Goodwill	802,418
Purchase consideration through cash payment	2,844,114
Cash and cash equivalents in acquired entity	(208,908)
Net cash outflow on acquisition of Subsidiary	**2,635,206**

6. CASH AND CASH EQUIVALENTS

	2011	2010*	2009*
Cash on hand	43,878	27,083	24,473
Cash in banks	21,043,773	9,714,845	6,515,729
Time deposits	7,923,831	11,267,241	8,247,032
	29,011,482	**21,009,169**	**14,787,234**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS (continued)

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

	2011	2010*	2009*
Cash on hand:			
Rupiah	34,426	20,290	21,206
US Dollar	8,481	6,103	2,567
Others	971	690	700
Total cash on hand	**43,878**	**27,083**	**24,473**
Cash in banks			
US Dollar:			
Government-related entities			
- PT Bank Negara Indonesia (Persero) Tbk (“BNI”)	2,402,541	3,190,234	105,889
- PT Bank Rakyat Indonesia (Persero) Tbk (“BRI”)	1,162,783	34,135	3,851,815
- PT Bank Mandiri (Persero) Tbk (“Bank Mandiri”)	977,512	1,583,773	1,125,190
Third parties			
- Citibank, N.A.	220,732	325,431	353,755
- Standard Chartered Bank	-	260,897	44,515
- Other banks (each below Rp100 billion)	292,467	277,892	122,203
Total US Dollar accounts	5,056,035	5,672,362	5,603,367
Rupiah:			
Government-related entities			
- BNI	8,087,898	3,116,467	99,214
- BRI	6,280,364	253,597	196,507
- Bank Mandiri	1,119,392	378,833	443,935
Third parties			
- PT Bank Central Asia Tbk (“BCA”)	146,052	81,751	56,481
- Other banks (each below Rp100 billion)	206,942	167,859	83,572
Total Rupiah accounts	15,840,648	3,998,507	879,709
Cash in banks - other currency accounts (each below Rp100 billion)	147,090	43,976	32,653
Total cash in banks	**21,043,773**	**9,714,845**	**6,515,729**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS (continued)

	2011	2010*	2009*
Time deposits with original maturities of 3 (three) months or less			
Time deposits - Rupiah accounts:			
Government-related entities			
- Bank Mandiri	1,066,383	2,828,135	635,422
- BRI	622,511	3,379,157	803,555
- BNI	802,050	195,306	452,414
Third parties			
- Other banks (each below Rp100 billion)	140,808	137,561	393,442
Sub total time deposits - Rupiah accounts	2,631,752	6,540,159	2,284,833
Time deposits - US Dollar accounts:			
Government-related entities			
- Bank Mandiri	3,257,375	1,012,328	604,377
- BNI	649,899	1,324,442	5,262,943
- BRI	196,159	1,776,451	53,881
Third parties			
- Calyon Credit Agricole CIB ("Calyon")	893,198	566,433	-
- Sumitomo Mitsui Banking Corporation	217,632	-	-
- Natixis Bank, Singapore	64,211	-	-
- Other banks (each below Rp100 billion)	-	26,337	7,131
Sub total time deposits - US Dollar accounts	5,278,474	4,705,991	5,928,332
Time deposits - other currency accounts	13,605	21,091	33,867
Total time deposits	**7,923,831**	**11,267,241**	**8,247,032**
Total cash and cash equivalents	**29,011,482**	**21,009,169**	**14,787,234**

* As restated (refer to Note 4)

Annual interest rates on time deposits during 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Rupiah	5.00% - 7.00%	5.25% - 7.00%	6.00% - 12.00%
US Dollar	0.05% - 2.00%	0.25% - 1.60%	1.00% - 4.60%
Hong Kong Dollar	0.50% - 1.30%	0.13% - 0.44%	0.13%
Singapore Dollar	0.05% - 0.10%	0.05% - 0.15%	0.05%

(Expressed in millions of Rupiah, unless otherwise stated)

7. RESTRICTED FUNDS - NET

	2011		2010*		2009	
	US$	Rp Equivalent	US$	Rp Equivalent	US$	Rp Equivalent
US Dollar accounts:						
Government-related entities						
BNI	33,529,671	304,047	14,197,706	127,651	8,900,000	83,660
BRI:						
- Pagardewa Project	-	-	138,851,328	1,248,412	57,428,168	539,825
- Bank Guarantees	-	-	975,500	8,771	-	-
Bank Mandiri:						
- Bank Guarantees	-	-	-	-	2,020,000	18,988
- Others	1,655,689	15,014	-	-	1,663,569	15,638
Third parties						
BNP Paribas	55,000,000	498,740	50,000,000	449,550	52,887,405	497,141
Sumitomo Mitsui Banking Corporation	6,000,000	54,408	28,161,039	253,196	27,380,850	257,380
Natixis Bank, Singapore	3,320,000	30,106	7,073,800	63,601	6,285,000	59,079
The Hongkong and Shanghai Banking Corporation Ltd.:						
- Pagardewa Project	-	-	35,846,104	322,292	55,868,590	525,165
- RCC Off-Gas Propylene Project (ROPP)	-	-	32,999,640	296,700	46,857,774	440,463
- Others	1,574,748	14,280	504,622	4,537	20,852	196
Calyon	-	-	-	-	51,869,440	487,573
Other banks (each below Rp100 billion	12,369,635	112,168	193,851	1,743	521,769	4,904
Rupiah accounts:						
Government-related entities						
BRI		81,895		84,503		32,743
BNI		26,808		11,273		-
Bank Mandiri:						
- Bank Guarantees		-		7,374		13,421
- Others		23,316		50,000		1,388
Third parties						
Other banks		-		-		16,058
		1,160,782		2,929,603		2,993,622

* As restated (refer to Note 4)

Annual interest rates on restricted funds during 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Rupiah	5.00% - 7.25%	5.25% - 7.00%	6.00% - 12.00%
US Dollar	0.50% - 2.00%	0.25% - 1.60%	1.00% - 4.60%

US Dollar Accounts

As of 31 December 2011, 2010 and 2009, the escrow accounts at BNP Paribas; Sumitomo Mitsui Banking Corporation; Natixis Bank, Singapore; BNI; and Calyon were related to letters of credit (L/Cs) issued for procurement of crude oil and other petroleum products as well as bank guarantees.

The escrow account at BRI - Pagardewa Project is utilised to receive proceeds from exports of a portion of the Government's share of Indonesian crude oil production, which is utilised to repay the syndicated loan involving the Pagardewa Project. The syndicated loan was fully repaid in 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

7. RESTRICTED FUNDS - NET (continued)

As of 31 December 2010 and 2009, the escrow accounts at The Hongkong and Shanghai Banking Corporation Ltd. (“HSBC”) were related to financing arrangement in relation to the ROPP Project (Note 19.a.ii) and Pagardewa Project (Note 19.a.iii).

As of 31 December 2009, the escrow accounts at Bank Mandiri are time deposits utilised for collateral for the issue of bank guarantees.

Included in the US Dollar accounts - “Other banks” are the Company’s escrow accounts at the Indonesia Export Financing Institution (formerly PT Bank Ekspor Indonesia (Persero)); Citibank, N.A.; Standard Chartered Bank; PT Bank Bukopin Tbk; PT Bank Danamon Indonesia Tbk; BCA; and Royal Bank of Scotland (RBS) (formerly ABN AMRO BANK N.V.).

Rupiah Accounts

As of 31 December 2011, 2010 and 2009, the escrow accounts at BRI, BNI and Bank Mandiri are time deposits that utilised as collateral for bank guarantees and performance bonds.

As of 31 December 2009, included in the Rupiah accounts - “Other banks” are PT Patra Niaga’s time deposits at PT Bank CIMB Niaga Tbk and PT Bank Bukopin Tbk used as collateral in relation to PT Patra Niaga’s loan from PT Bank CIMB Niaga Tbk and L/C facilities from PT Bank Bukopin Tbk.

8. TRADE RECEIVABLES - THIRD PARTIES

a. Trade receivables by customer are as follows:

	2011	2010*	2009*
ConocoPhillips Company	928,758	409	8,398
PTT Public Company Limited	690,887	644,106	1,395
PetroChina Group	631,401	752,309	372,993
Petronas Trading Corporation Sdn Bhd.	591,024	10,062	294,325
Mitsui Oil (Asia) Pte. Ltd.	589,885	340,108	483,415
PT Pamapersada Nusantara	535,104	384,666	271,986
PT Lion Mentari Airlines	487,684	312,253	269,285
Vitol Asia Pte. Ltd.	389,613	3,273	148,922
PT Media Karya Sentosa	378,188	144,846	14,452
PT Asmin Koalindo Tuhup	308,721	125,323	63,248
CNOOC SES Ltd.	291,434	58,731	66,794
PT Berau Coal	214,157	238,606	60,793
Hin Leong Trading Pte.Ltd.	207,399	-	-
PT Cipta Karya Persada	195,940	51,812	84,364
Gas Supply Pte. Ltd.	190,518	-	-
PT Polytama Propindo	190,180	195,366	175,376
Tomen Toyota Tsusho Petroleum (s) Pte. Ltd.	162,124	-	-
PT Newmont Nusa Tenggara	151,804	114,775	227,156
Petro-Diamond Inc.	139,449	-	-

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

8. TRADE RECEIVABLES - THIRD PARTIES (continued)

a. Trade receivables by customer are as follows: (continued)

	2011	2010*	2009*
Lapindo Brantas Inc.	130,664	130,951	134,758
Talisman (Jambi Merang) Ltd.	125,356	-	36,774
PT Bina Bangun Wibawa Mukti (Persero)	120,505	47,459	19,892
Saudi Arabian Airlines	112,375	196,646	172,025
PT Polyprima Karyareksa	111,265	81,045	84,731
PT Mitsubishi Chemical Indonesia	110,195	570,375	458,269
PT Petromine Energy Trading	78,884	192,697	309
Chevron Group	78,280	279,348	433,900
SK Energy Co.Ltd	75,813	160,914	156,230
PT Kalimantan Prima Persada	67,026	130,296	92,911
Total E&P Indonesie	35,572	225,190	101,159
Kodeco Energy Co.Ltd.	2,330	217,519	138,773
Others (each below Rp100,000)	5,162,318	7,361,664	8,689,329
	13,484,853	12,970,749	13,061,962
Provision for impairment	(1,063,742)	(952,062)	(919,668)
	12,421,111	12,018,687	12,142,294

* As restated (refer to Note 4)

b. The ageing of trade receivables is as follows:

	2011	2010*	2009*
- Current and 0 - 3 months	10,527,199	10,530,977	8,072,055
- 3 - 6 months	1,200,810	1,274,117	2,335,873
- 6 - 12 months	458,155	57,472	472,511
- 12 - 24 months	196,125	334,497	1,251,868
- > 24 months	1,102,564	773,686	929,655
	13,484,853	12,970,749	13,061,962

* As restated (refer to Note 4)

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

	2011	2010*	2009*
Beginning balance	(952,062)	(919,668)	(666,317)
Impairment during the year	(554,886)	(32,394)	(273,575)
Reversal of impairment on the recovered receivables - net	443,362	-	20,224
Foreign exchange difference	(156)	-	-
Ending balance	**(1,063,742)**	**(952,062)**	**(919,668)**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

8. TRADE RECEIVABLES - THIRD PARTIES (continued)

c. Movements in the provision for impairment of trade receivables are as follows: (continued)

The management of the Group has provided a provision for the impairment of receivables on individual impairment approach.

Based on management's review of the collectability of each balance of trade receivables at the date of 31 December 2011, 2010 and 2009, management believes that provision for impairment is adequate to cover the potential loss as a result of uncollected trade receivables from third parties.

Management believes that there are no significant concentrations of credit risk involving third party trade receivables.

Certain Subsidiaries' receivables are pledged as collateral for the Subsidiaries' long-term loans (Note 19a(i)).

9. DUE FROM THE GOVERNMENT

	2011	2010	2009
The Company:			
Receivables for reimbursement of costs subsidy for certain fuel (BBM) products	6,679,278	3,881,267	8,124,037
Receivables for marketing fees	2,735,671	1,358,155	1,264,198
Receivables for reimbursement of costs for kerosene conversion to LPG program	2,610,703	2,194,503	6,051,700
Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders	1,241,212	1,303,621	570,378
State revenue involving income and tax in relation to upstream activity (Note 17b)	144,347	-	-
Overpayment of income tax involving Elnusa Tristar Ramba Ltd., BVI Technical Assistance Contract (TAC) activities	-	269,067	269,067
Others	1,255	1,255	-
Total - Company	13,412,466	9,007,868	16,279,380

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

	2011	2010	2009
Subsidiaries:			
PT Pertamina EP			
- Domestic Market Obligation (DMO) fees	4,428,619	2,965,181	3,020,714
PT Pertamina Hulu Energi:			
- DMO fees	1,847,712	1,572,036	662,697
- Under/(over) lifting	37,052	70,594	(61,479)
Total - Subsidiaries	6,313,383	4,607,811	3,621,932
Total consolidated	**19,725,849**	**13,615,679**	**19,901,312**
Provision for impairment	(2,443,350)	(249,194)	-
	17,282,499	13,366,485	19,901,312
Less: current portion	**(16,584,074)**	**(11,270,097)**	**(9,773,620)**
Non-current portion	**698,425**	**2,096,388**	**10,127,692**

Due from the Government which is due for settlement within 1 (one) year after the balance sheet date is categorised as a current receivable.

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

	2011	2010	2009
Beginning balance:			
- Receivables for reimbursements of cost for kerosene conversion to LPG program	(249,194)	-	-
Impairment during the year:			
- Receivables for reimbursements of cost for kerosene conversion to LPG program	(2,110,574)	(249,194)	-
- DMO fees	(83,582)	-	-
Ending balance	**(2,443,350)**	**(249,194)**	**-**

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of the costs subsidy for certain fuel (BBM) products

The Company's receivables for reimbursement of the costs subsidy for certain BBM products are billings for the BBM subsidy provided to the public.

Based on the decrees of the Head of the Executive Agency for Downstream Oil and Gas Activity (BPH Migas) No. 228/PSO/BPH Migas/Kom/XII/2010, No. 229/PSO/BPH Migas/Kom/XII/2010 and No. 230/PSO/BPH Migas/Kom/XII/2010, all dated 23 December 2010, the Government assigns the Company to fulfil the Public Service Obligation (PSO) for the supply of certain BBM products to the Indonesian domestic market for the year 2011.

Based on the decrees of the Head of BPH Migas No. 188/PSO/BPH Migas/Kom/XII/2009, No. 189/PSO/BPH Migas/Kom/XII/2009 and No. 190/PSO/BPH Migas/Kom/XII/2009, all dated 23 December 2009, the Government assigns the Company to fulfil the PSO for the supply of certain BBM products to the Indonesian domestic market for the year 2010.

The Company's corresponding PSO for the year ended 31 December 2009 was based on the decrees of the Head of BPH Migas No. 158/PSO/BPH Migas/Kom/XII/2008, No. 159/PSO/BPH Migas/Kom/XII/2008 and No. 160/PSO/BPH Migas/Kom/XII/2008 all dated 23 December 2008, which were amended by decrees No. 185/PSO/BPH Migas/Kom/XI/2009, No. 186/PSO/BPH Migas/Kom/XI/2009 and No. 187/PSO/BPH Migas/Kom/XI/2009 all dated 26 November 2009.

The subsidy amounts for certain BBM products are audited by the Supreme Audit Agency (BPK) on an annual basis and adjustments to the Company's estimated BBM subsidy are made based on such audit results.

The Minister of Finance Decree No. 03/PMK.02/2009 dated 12 January 2009 stipulates the calculation method and fuel costs subsidy reimbursements process whereby the Company is entitled to an annual reimbursement for subsidised fuel costs based on the difference between Mid Oil Platt's Singapore (MOPS) prices plus distribution costs and a margin ("Alpha") and retail sales prices of subsidised fuel products (excluding related Value Added Tax (VAT) and tax on vehicle fuels) which are determined by the Government through Presidential Decrees. The BBM products costs subsidy reimbursements involve the following petroleum products: premium gasoline, kerosene, automotive diesel oil, biofuel products such as: biodiesel, bioethanol and pure vegetable oil.

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of the costs subsidy for certain fuel (BBM) products (continued)

The movements of receivables for reimbursement of costs subsidy for certain BBM products are as follows:

	2011	2010	2009
Beginning balance	3,881,267	8,124,037	8,641,360
Add:			
Costs subsidy for certain BBM products (Note 29)	135,284,650	60,960,346	37,106,393
Correction from Supreme Audit Agency (BPK) for reimbursements of subsidy costs of certain BBM products for year 2010 and 2009 (Note 29)	44,946	-	(33,134)
Overpayment of excess reimbursement of certain BBM product cost subsidy for year 2009	-	2,568	-
Transfer of PT PLN (Persero) receivables to the Government	-	25,941	-
Receivable for biofuel subsidy	-	-	125,732
Less:			
Cash received	(111,347,342)	(8,492,351)	-
BPK corrections for additional reimbursement amounts for certain BBM products costs subsidy for the period 17 September 2003 - 31 December 2005 (Note 29)	-	-	(1,315,031)
Offset of receivable amount against balances due to the Government:			
Conversion account amount due to the Government (Note 17a)	(21,184,243)	(51,986,682)	(32,235,289)
Dividend advances (Note 26)	-	(4,716,670)	(3,434,875)
Payable for excess reimbursement of certain BBM products costs subsidy	-	-	(719,462)
Others	-	(35,922)	(11,657)
Ending balance	**6,679,278**	**3,881,267**	**8,124,037**

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of the costs subsidy for certain fuel (BBM) products (continued)

BPK's corrections of Rp44,946 on reimbursement calculations of the Company's costs subsidy for certain BBM products in 2011 are based on the BPK's Audit Report (LHP) No. 29/AUDITAMA VII/PDTT/09/2011 dated 12 September 2011.

The BPK's corrections of reimbursement calculations of the Company's costs subsidy for certain BBM products for 2009 are based on the BPK's Audit Report (LHP) No. 73/S/IX-XX.1/12/2010 dated 23 December 2010.

The amounts due to the Government which have been offset by receivables arising in relation to the costs subsidy for certain BBM products are based on Payment Instruction Letters (SPM) issued by the Minister of Finance. The amounts are included in the Report of the State Revenue Working Unit (Satker), whose members comprise representatives from the Ministry of Finance (Directorate General of Budget and Finance Stability), Directorate General of Crude Oil and Natural Gas Ministry of Energy and Mineral Resources, Executive Agency for Upstream Oil and Gas Activity (BPMigas), Bank Indonesia and the Company.

The balances of receivables for reimbursements of certain BBM products costs subsidy as of 31 December 2009 include additional reimbursement amounts for a costs subsidy for certain BBM products for the period from 17 September 2003 (inception date) up to 31 December 2003 and the years ended 31 December 2004 and 2005 amounting to Rp2,461,533, Rp3,528,458 and Rp1,131,761, respectively. These resulted from the recalculation of certain BBM products costs subsidy amounts due to depreciation expense and other financial statement corrections in the period from 17 September 2003 up to 31 December 2003 and for the years ended 31 December 2004 and 2005.

In a letter dated 1 September 2009, the Company submitted claims for such additional reimbursements of certain BBM products costs subsidy amounts to the Minister of Finance. However, based on the temporary result of the audit performed by the BPK dated 22 October 2010, the amount of additional reimbursements for the costs subsidy for certain BBM products for the period from 17 September 2003 (inception date) through 31 December 2003 and the years ended 31 December 2004 and 2005 is Rp5,806,721. Management decided to expense the disallowed additional reimbursement amounts for the costs subsidy for certain BBM products of Rp1,315,031 in the 2009 consolidated statement of comprehensive income (Note 29).

BPK's audit for the costs subsidy for certain BBM products for the period from 17 September 2003 (inception date) through 31 December 2003 and the years ended 31 December 2004 and 2005 has been finalised through BPK's LHP No. 77/S/IX-XX.1/12/2010 dated 14 December 2010. There was no change in result compared to the BPK's temporary audit result dated 22 October 2010.

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

b. Receivables for reimbursements of costs for kerosene conversion to LPG program

These receivables represent amounts due to the Company from the Government for reimbursements of costs involving initial supply and distribution of LPG 3 kg cylinders, stoves and accessories based on the Minister of Energy and Mineral Resources' letter No. 3175K/10/MEM/2007 dated 27 December 2007, as follows:

	2011	2010	2009
Beginning balance	2,194,503	6,051,700	3,755,124
Distribution of LPG cylinders and stove together with accessories	1,640,400	793,901	6,129,310
Receipt of cost reimbursements	(1,224,200)	(4,651,098)	(3,832,734)
	2,610,703	**2,194,503**	**6,051,700**
Less:			
Provision for impairment	(2,359,768)	(249,194)	-
Ending balance	**250,935**	**1,945,309**	**6,051,700**

The Company has proposed an additional budget allocation for the settlement of the underpayment of these reimbursement costs through the President Director's letter No. 1790/C00000/2009-S4 dated 18 November 2009 to the Minister of Finance. The Company received a copy of the Directorate General of Oil and Gas' letter No. 24157/80/DJM.0/2010 dated 24 September 2010 to the Directorate General of Budget and Financial Stability regarding the request for an additional 2011 budget allocation for the energy conversion program in relation to underpayments of reimbursable costs for the kerosene conversion to LPG program from 2008 through 2009.

As of the completion date of these consolidated financial statements, the Company has not yet received any response from the Minister of Finance in relation to the additional budget allocation. As such, at 31 December 2011, the Company increased its provision for impairment to Rp2,359,768.

c. Receivables for marketing fees

These receivables represent amounts due to the Company by the Government for fees from marketing activities in relation to the Government's crude oil, natural gas and LNG as follows:

	2011	2010	2009
Marketing fees:			
2011 (US$150,626,891)	1,365,885	-	-
2010 (US$151,057,171)	1,369,786	1,358,155	-
2009 (US$134,489,133)	-	-	1,264,198
	2,735,671	**1,358,155**	**1,264,198**

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

c. Receivables for marketing fees (continued)

Marketing fees involve fees receivable from the Government in relation to:
- Services involving management of LNG activities;
- Upstream gas pipeline management;
- The Government's share of Indonesian crude oil production exported or shipped to the Company's refineries for processing into oil products; and
- The Government's share of export of natural gas production.

Marketing fees for 2011 of US$150,626,891 are calculated based on 2011 volumes multiplied by 2010 rates, which was set by BPMIGAS. This amount excludes Value Added Tax (VAT) and withholding income tax Article 23.

Based on the Company's letter to BPMIGAS No. 045/H00000/2011-S4 dated 1 March 2011, the marketing fees for 2010 were US$166,162,888, including VAT of US$15,105,717 and withholding income tax Article 23 of US$3,021,143.

Based on the letter of BPMIGAS to the Minister of Energy and Mineral Resources No. 0451/BP00000/2010/S0 dated 18 August 2010 and the letter of the Minister of Energy and Mineral Resources to the Minister of Finance No. 7034/12/MEM.M/2010 dated 5 November 2010, the marketing fees for 2009 are US$147,938,046, including VAT of US$13,448,913 and withholding income tax Article 23 of US$2,689,782.

d. Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders

The movements of LPG costs reimbursement are as follows:

	2011	2010	2009
Beginning balance	1,303,621	570,378	150,355
Add:			
LPG costs subsidy reimbursement for the current year (Note 29)	21,199,555	14,936,020	7,780,783
Correction from Supreme Audit Agency for reimbursements of cost subsidy LPG 3 kg cylinders for the year 2010 (Note 29)	(9,351)	-	-
Correction from Finance and Development Supervisory Board (BPKP) for additional subsidy reimbursement LPG 3 kg cylinder for the year 2007-2009 (Note 29)	-	79,812	-
Less:			
Cash payment	(15,059,073)	(2,005,188)	-
Offset of receivable amount against balances due to the Government:			
Conversion account amounts due to the Government (Note 17a)	(6,193,540)	(9,847,765)	(6,054,715)
Dividend advances (Note 26)	-	(2,429,636)	(905,579)
Payable for excess reimbursement of costs subsidy for certain fuel (BBM) products	-	-	(400,466)
Ending balance	**1,241,212**	**1,303,621**	**570,378**

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

d. Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders (continued)

Based on the Minister of Energy and Mineral Resources Decision Letter No. 4086/10/DJM.S/2011 dated 17 February 2011 which applies retrospectively from 1 January 2011 until 31 December 2011, the Minister of Energy and Mineral Resources Decision Letter No. 2359.K/12/MEM/2010 dated 31 August 2010 which applies retrospectively from 1 January 2010 until 31 December 2010 and the Minister of Energy and Mineral Resources Decision Letter No. 01.K/10/DJM.S/2009 dated 5 January 2009 which applies retrospectively from 1 January 2009 until 31 December 2009, the Company is entitled to a subsidy for the procurement and distribution of LPG 3 kg cylinders. The subsidy amount is based on the difference between the Aramco LPG Contract Price plus distribution costs and margin (Alpha) and retail sales price of LPG 3 kg cylinders (excluding related VAT and agents margins).

The Company's receivables for reimbursement of the LPG costs subsidy as of 31 December 2011 were based on the results of verification dated 23 December 2011 and partly based on estimation. The Company's receivables for reimbursement of the LPG costs subsidy as of 31 December 2010 and 2009 were based on the results of verification of the LPG costs subsidy calculations for 2010 and 2009 by representatives of the Ministry of Finance and the Company, as documented in the memorandum of verification dated 3 February 2011 and 9 February 2010, respectively.

The amounts due to the Government which have been offset by receivables arising in relation to the costs subsidy for LPG 3 kg cylinders are based on Payment Instruction Letters (SPM) issued by the Minister of Finance.

e. Overpayment of income tax involving Elnusa Tristar Ramba Ltd., British Virgin Islands Technical Assistance Contract (TAC) activities

Due from the Government related to income tax from Elnusa Tristar Ramba Ltd., British Virgin Islands TAC activities represents an overpayment to the Government of the related tax payable.

f. PT Pertamina EP's receivables

	2011	2010	2009
DMO fees:			
Beginning balance			
2011: US$182,298,164	1,639,043	-	-
2010: US$161,767,900	-	1,520,619	-
2009: US$704,111,187	-	-	7,710,017

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

f. PT Pertamina EP's receivables (continued)

	2011	2010	2009
Addition during the year			
2011: US$858,929,734	7,788,775	-	-
2010: US$632,811,035	-	5,689,604	-
2009: US$489,842,931	-	-	4,604,523
Offset of DMO fees receivable against the Company's and PT Pertamina EP's obligations to the Government			
2011: US$353,465,153	(3,205,222)	-	-
2010: US$612,280,771	-	(5,505,016)	-
2009: US$1,032,186,218	-	-	(9,702,549)
Cash settlement by the Government			
2011: US$227,573,659	(1,954,736)	-	-
Foreign exchange difference	(94,865)	(66,164)	(1,091,372)
Ending balance DMO fees			
2011: US$460,189,086	4,172,995	-	-
2010: US$182,298,164	-	1,639,043	-
2009: US$161,767,900	-	-	1,520,619
Overpayment by PT Pertamina EP to BPMIGAS for purchase of Wakamuk crude oil			
2009: US$10,717,143	-	-	100,741
Overlifting of North Sumatera Crude (NSC) by BPMIGAS			
2009: US$6,008,324	-	-	56,478
Underlifting receivable			
2011: US$28,189,692	255,624	-	-
2010: US$147,496,160	-	1,326,138	-
2009: US$142,859,138	-	-	1,342,876
Total			
2011: US$488,378,778	**4,428,619**	**-**	**-**
2010: US$329,794,324	**-**	**2,965,181**	**-**
2010: US$321,352,505	**-**	**-**	**3,020,714**

DMO fees represent amounts due from the Government in relation to PT Pertamina EP's obligation to supply crude oil to meet the domestic market demand for fuel products in accordance with PT Pertamina EP's PSC (Note 43a).

The underlifting receivable represents PT Pertamina EP's receivable from BPMIGAS as a result of BPMIGAS lifting of crude oil and gas volumes being higher than its entitlement for the respective year.

(Expressed in millions of Rupiah, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

g. PHE's receivables

	2011	2010	2009
Current portion			
DMO fees - current portion	1,065,705	1,572,036	662,697
Under/(over) lifting	37,052	70,594	(61,479)
Total current portion	1,102,757	1,642,630	601,218
Non-current portion			
DMO fees:			
- PHE West Madura	708,403	-	-
- PHE Raja Tempirai	71,904	-	-
- PHE South Jambi	1,700	-	-
Total non-current portion	782,007	-	-
	1,884,764	**1,642,630**	**601,218**
Provision for impairment	(83,582)	-	-
	1,801,182	**1,642,630**	**601,218**

DMO fees in PHE represent amounts due from the Government in relation to PHE subsidiaries' obligations to supply crude oil to meet the domestic market demand in accordance with the PSC contracts.

As of 31 December 2011, the 2009 DMO fee receivables have not been settled by Government. Currently, PHE is discussing with the Government to offset the DMO receivables with its payables to the Government. PHE's management believes that the provision for impairment is adequate to cover potential losses that may arise from the late settlement.

The underlifting receivable represents PHE's receivable from BPMIGAS as a result of BPMIGAS lifting of crude oil and gas volumes being higher than its entitlement for the respective year.

Based on management's review of the collectability of each balance due from the Government as of 31 December 2011, management believes that provision for impairment is adequate to cover the potential loss as a result of uncollected amounts due from the Government. As of 31 December 2010 and 2009, PHE's management is of the opinion that due from the Government will be collected in full and therefore provision for impairment is not considered necessary.

(Expressed in millions of Rupiah, unless otherwise stated)

10. INVENTORIES

	2011	2010*	2009*
Crude oil:			
Domestic production	12,928,906	9,963,301	10,247,599
Imported	9,134,400	6,944,183	6,201,636
Subtotal for crude oil	22,063,306	16,907,484	16,449,235
Oil products:			
Automotive Diesel Oil (ADO)	13,787,398	10,334,272	8,784,263
Premium gasoline	8,126,658	6,127,366	5,251,563
Products in process of production	3,061,586	3,219,051	3,118,387
Kerosene	2,631,704	2,665,660	2,694,135
Industrial/Marine fuel oil (IFO/MFO)	2,511,650	1,395,391	1,661,729
Avtur and Avigas	2,572,046	1,444,577	1,364,953
Pertamax, Pertamax Plus (gasoline) and Pertadex (diesel oil)	1,125,238	796,210	379,226
Industrial Diesel Oil (IDO)	404,391	325,818	346,070
LPG, petrochemicals, lubricants and others	10,982,387	11,739,697	10,002,095
Subtotal for oil products	45,203,058	38,048,042	33,602,421
Subtotal for crude oil and oil products	67,266,364	54,955,526	50,051,656
Less:			
Provision for decline in value of inventories	(188,102)	(185,895)	(147,342)
	67,078,262	54,769,631	49,904,314
Materials	2,885,940	2,673,623	2,519,150
	69,964,202	**57,443,254**	**52,423,464**

* As restated (refer to Note 4)

Movements in the provision for decline in value of inventories are follows:

	2011	2010	2009
Beginning balance:			
Provision for crude oil	-	-	(2,720,974)
Provision for oil products (Note 32)	(185,895)	(147,342)	(7,357,902)
	(185,895)	(147,342)	(10,078,876)
(Provision)/reversal of provision during the year - net	(2,207)	(38,553)	9,931,534
Ending balance	**(188,102)**	**(185,895)**	**(147,342)**

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

(Expressed in millions of Rupiah, unless otherwise stated)

10. INVENTORIES (continued)

Based on the review of the physical condition of material inventories at the end of the year, management believes that no provision for decline in value of material inventories is required.

As of 31 December 2011, 2010 and 2009, inventories are insured against fire and other risks (Note 12). Management believes that the insurance coverage amount is adequate to cover any possible losses that may arise in relation to the insured inventories.

Certain Subsidiaries' inventories are pledged as collateral for the Subsidiaries' long-term loans (Note 19a(i)).

11. LONG-TERM INVESTMENTS

	2011	2010*	2009*
Investments in Medium Term Notes	2,000,000	3,000,000	4,000,000
Available-for-sale investments	240,956	142,607	324,347
Investments in associates	2,040,151	1,562,063	1,458,142
Investment in property	1,599,536	1,660,319	1,674,220
Investment in other financial assets	517,277	252,590	447,231
Total	**6,397,920**	**6,617,579**	**7,903,940**
Current portion	**(1,000,000)**	**(1,000,000)**	**(1,000,000)**
Non-current portion	**5,397,920**	**5,617,579**	**6,903,940**

* As restated (refer to Note 4)

(i) Investments in Medium Term Notes (MTNs)

The investment in MTNs represents the investment arising from the restructuring of a portion of PLN's debt to the Company. Based on the Amended and Restated Debt Restructuring Agreement, on 15 December 2008, PLN issued MTNs of Rp5,000,000 to the Company divided into 10 series of Jumbo certificates with a nominal value of Rp500,000 each with maturity every six month period, i.e. on 15 June and 15 December commencing from 15 June 2009 until 15 December 2013.

The MTNs bear interest at the rate of three months of Bank Indonesia Certificates (SBI) plus 2.5% per annum.

Interest income from promissory notes and MTNs in 2011, 2010 and 2009 amounted to Rp251,259, Rp345,729 and Rp566,553 was recorded as finance income in the consolidated statements of comprehensive income (Note 38).

Management believes that there is no impairment in the value of the MTNs, and therefore provision for impairment is not needed.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(ii) Available-for-sale investments

The Company

	Percentage of effective ownership			Balance		
	2011	2010	2009	2011	2010	2009
The Company						
- PT Seamless Pipe Indonesia Jaya	10.4%	10.4%	10.4%	228,579	228,579	228,579
- PT Patra Dok Dumai [a)]	100%	100%	100%	98,592	-	-
- PT Pertamit Processing [b)]	20%	20%	20%	21,830	21,830	21,830
- PT Badak NGL [d)]	55%	55%	55%	1,260	1,260	1,260
- PT Karuna	8.8%	8.8%	8.8%	1,134	1,134	1,134
- PT Arun NGL [d)]	55%	55%	55%	927	927	927
- PT Trans Pacific Petrochemical Indotama	15%	15%	15%	516	516	516
- PT Purna Bina Indonesia [a)]	22.3%	22.3%	22.3%	-	-	-
- Korea Indonesia Petroleum Co. Ltd.,Hongkong [b)]	45%	45%	45%	-	-	-
				352,838	254,246	254,246
Impairment of financial asset				(190,163)	(190,163)	-
Total - the Company				162,675	64,083	254,246
Subsidiaries						
- PT Asuransi Jiwa Tugu Mandiri	11.2%	11.2%	11.1%	62,250	62,250	53,500
- PT Trans Javagas Pipeline	10%	10%	10%	9,198	9,198	9,198
- PT Asuransi Maipark Indonesia	7.4%	7.4%	7.4%	5,100	5,100	5,100
- PT Staco Jasapratama Indonesia	4.5%	6.4%	6.4%	1,733	1,733	1,733
- PT Patra Bumi Lerep Permai	23.6%	20%	20%	-	96	96
- PT Elnusa Rekabina [b)]	98.8%	98.8%	98.8%	-	147	147
- PT Karya Bakti Metal Asri	-	-	9.5%	-	-	150

a) In liquidation process
b) Inactive
c) Has been sold
d) Refer to Note 2c

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(ii) Available-for-sale investments (continued)

	Percentage of effective ownership			Balance		
	2011	2010	2009	2011	2010	2009
Subsidiaries (continued)						
- PT Elnusa Pan Pacific	-	-	3.3%	-	-	115
- PT Nippon Steel Construction Indonesia [c]	-	-	10%	-	-	62
Total - Subsidiaries				78,281	78,524	70,101
Total				**240,956**	**142,607**	**324,347**

a) In liquidation process
b) Inactive
c) Has been sold
d) Refer to Note 2c

Investments in equity securities, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

(iii) Investments in associates

The movements of investments in associates are as follows:

	2011							
	Percentage of effective ownership	Beginning balance	Additional investment	Net asset transfers (from)/to associates, disposals and others	Share in net income/ (loss)	Dividends	Differences arising from translation of foreign currency financial statements	Ending balance
The Company:								
- PT Elnusa Tbk	41.1%	795,122	-	-	(19,986)	(7,980)	-	767,156
- Pacific Petroleum & Trading Co. Ltd	50%	383,463	-	-	-	(8,635)	-	374,828
- Korea Indonesia Petroleum Co. Ltd.,Labuan	45%	133,992	-	-	583	(11,934)	1,176	123,817
- Nusantara Gas Services Company Inc.[c]	49%	13,266	-	(13,266)	-	-	-	-
- PT Patra Dok Dumai[a]	100%	98,592	-	(98,592)	-	-	-	-
		1,424,435	-	(111,858)	(19,403)	(28,549)	1,176	1,265,801

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(iii) Investments in associates (continued)

	2011							
	Percentage of effective ownership	Beginning balance	Additional investment	Net asset transfers (from)/to associates, disposals and others	Share in net income/ (loss)	Dividends	Differences arising from translation of foreign currency financial statements	Ending balance
Indirect investments in shares of associates								
- PT Donggi Senoro] LNG[b]	29%	67,819	658,675	-	(55,068)	-	1,777	673,203
- PT Tugu Reasuransi Indonesia	25%	37,908	13,700	1,046	11,409	(612)	-	63,451
- PT Asuransi Samsung Tugu	19.5%	30,601	-	982	4,249	-	-	35,832
- PT Yekapepe Usaha Nusa[a]	0%	1,300	-	(1,300)	-	-	-	-
- PT Patra Bumi Lerep Permai	23.6%	-	1,768	96	-	-	-	1,864
		137,628	674,143	824	(39,410)	(612)	1,777	774,350
Total - investments in associates		**1,562,063**	**674,143**	**(111,034)**	**(58,813)**	**(29,161)**	**2,953**	**2,040,151**

	2010*							
	Percentage of effective ownership	Beginning balance	Net asset transfers (from)/to associates, disposals and others	Share in net income/ (loss)	Dividends	Share of other compre-hensive income of associates	Differences arising from translation of foreign currency financial statements	Ending balance
The Company:								
- PT Elnusa Tbk	41.1%	784,960	-	26,268	(15,982)	-	(124)	795,122
- Pacific Petroleum & Trading Co. Ltd.	50%	356,307	-	3,280	(5,495)	(884)	30,255	383,463
- Korea Indonesia Petroleum Co. Ltd., Labuan	45%	151,458	-	(68)	(10,809)	-	(6,589)	133,992
- PT Patra Dok Dumai [a]	100%	-	98,592	-	-	-	-	98,592
- PT Patra Supplies Services [d]	0%	14,137	(14,137)	-	-	-	-	-
- Nusantara Gas Services Company Inc. [a]	49%	13,266	-	-	-	-	-	13,266
		1,320,128	84,455	29,480	(32,286)	(884)	23,542	1,424,435
Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29%	80,397	-	(43,160)	-	-	30,582	67,819
- PT Tugu Reasuransi Indonesia	21.4%	30,458	-	9,073	(1,623)	-	-	37,908
- PT Asuransi Samsung Tugu	19.5%	25,719	-	4,978	-	(96)	-	30,601
- PT Yekapepe Usaha Nusa	38%	1,300	-	-	-	-	-	1,300
- PT Yekapepe Intigraha[d]	0%	140	(140)	-	-	-	-	-
		138,014	(140)	(29,109)	(1,623)	(96)	30,582	137,628
Total - investments in associates		**1,458,142**	**84,315**	**371**	**(33,909)**	**(980)**	**54,124**	**1,562,063**

a) In liquidation process
b) Pertamina Energy Trading Limited interest has been transferred to PT Pertamina Hulu Energi
c) Has been liquidated
d) Has been sold

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(iii) Investments in associates (continued)

	2009								
	Percentage of effective ownership	**Beginning balance**	**Adjustment for investments made during the year**	**Net asset transfers (from)/to associates, disposals and others**	**Share in net income/ (loss)**	**Dividends**	**Differences arising from transactions resulting in changes in the equity of associates**	**Differences arising from translation of foreign currency financial statements**	**Ending balance**
The Company:									
- PT Elnusa Tbk	41.1%	663,355	-	-	191,642	(70,177)	140	-	784,960
- Pacific Petroleum & Trading Co. Ltd.	50%	429,055	-	-	3,097	(6,481)	-	(69,364)	356,307
- Korea Indonesia Petroleum Co. Ltd.	45%	180,921	-	-	(4,262)	-	-	(25,201)	151,458
- PT Patra Dok Dumai	-	-	11,354	(5,214)	(6,140)	-	-	-	-
- PT Patra Supplies Services	50%	11,790	-	-	2,347	-	-	-	14,137
- Nusantara Gas Services Company Inc.	49%	15,627	-	-	170	-	-	(2,531)	13,266
- PT Permiko Engineering and Construction [b)]	36%	3,572	-	(3,572)	-	-	-	-	-
- PT Purna Bina Indonesia [a)]	22.3%	-	-	-	-	-	-	-	-
		1,304,320	11,354	(8,786)	186,854	(76,658)	140	(97,096)	1,320,128
Indirect investments in shares of associates									
- PT Donggi Senoro LNG	29%	98,373	-	-	(3,584)	-	-	(14,392)	80,397
- PT Tugu Reasuransi Indonesia	21.4%	27,705	-	-	3,606	(853)	-	-	30,458
- PT Asuransi Samsung Tugu	19.5%	20,614	-	-	2,938	-	2,167	-	25,719
- PT Yekapepe Usaha Nusa	38%	1,300	-	-	-	-	-	-	1,300
- PT Yekapepe Intigraha	38%	140	-	-	-	-	-	-	140
- PT Perjahl Leasing Indonesia [c)]	-	9,955	-	(9,955)	-	-	-	-	-
- PT Yekapepe Usaco [c)]	-	150	-	(150)	-	-	-	-	-
		158,237	-	(10,105)	2,960	(853)	2,167	(14,392)	138,014
Total - investments in associates		1,462,557	11,354	(18,891)	189,814	(77,511)	2,307	(111,488)	1,458,142

a) in liquidation process
b) has been sold
c) has been liquidated

Based on the Group's management review, there were no events or changes in circumstances which indicated an impairment in the value of investments in shares of stock as of 31 December 2011, 2010 and 2009.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(iii) Investments in associates (continued)

Year	Country of Incorporation	Assets	Liabilities	Revenues	Profit/ (loss)	% Effective Ownership
2011						
- PT Elnusa Tbk	Indonesia	4,308,304	(2,414,688)	4,599,135	(47,963)	41.1%
- Pacific Petroleum & Trading Co. Ltd.	Japan	1,255,192	(453,783)	6,812,680	7,172	50%
- Korea Indonesia Petroleum Co. Ltd., Labuan	Malaysia	919,764	(644,614)	5,665,789	1,979	45%
- PT Donggi Senoro LNG	Indonesia	6,988,064	(4,554,381)	-	(189,890)	29%
- PT Tugu Reasuransi Indonesia	Indonesia	558,127	(388,675)	420,382	37,141	25%
- PT Asuransi Samsung Tugu	Indonesia	216,204	(96,757)	54,958	17,441	19.5%
- PT Yekapepe Usaha Nusa [a]	Indonesia	3,199	(338)	-	(1,330)	38%
- PT Patra Bumi Lerep Permai	Indonesia	8,078	(203)	142	(686)	23.6%
2010						
- PT Elnusa Tbk	Indonesia	3,678,566	(1,728,408)	4,210,786	63,906	41.1%
- Pacific Petroleum & Trading Co. Ltd.	Japan	1,297,680	(530,754)	5,029	6,522	50%
- Korea Indonesia Petroleum Co. Ltd., Labuan	Malaysia	746,929	(449,170)	5,090,510	(166)	45%
- Nusantara Gas Services Company Inc. [a)]	Japan	36,241	(6,650)	34,167	220	49%
- PT Donggi Senoro LNG	Indonesia	500,022	(266,164)	-	(148,826)	29%
- PT Tugu Reasuransi Indonesia	Indonesia	392,462	(275,413)	359,604	29,420	21.4%
- PT Asuransi Samsung Tugu	Indonesia	165,765	(63,759)	45,140	16,278	19.50%
- PT Yekapepe Usaha Nusa	Indonesia	2,124	(593)	-	(1,330)	38%
2009						
- PT Elnusa Tbk	Indonesia	4,207,629	(2,283,376)	3,662,331	466,233	41.1%
- Pacific Petroleum & Trading Co. Ltd.	Japan	1,449,873	(737,259)	3,670,997	6,312	50%
- Korea Indonesia Petroleum Co. Ltd., Labuan	Malaysia	1,205,950	(869,376)	4,391,902	(9,472)	45%
- PT Patra Supplies Service	Indonesia	46,804	(18,530)	67,640	4,695	50%
- Nusantara Gas Services Company Inc. [a)]	Japan	33,952	(6,880)	32,867	347	49%
- PT Donggi Senoro LNG	Indonesia	450,852	(173,622)	-	(103,840)	29%
- PT Tugu Reasuransi Indonesia	Indonesia	307,951	(213,319)	420,633	13,606	13.90%
- PT Asuransi Samsung Tugu	Indonesia	135,377	(49,649)	124,498	9,793	12.68%
- PT Yekapepe Usaha Nusa	Indonesia	1,600	(592)	-	-	38%
- PT Yekapepe Intigraha	Indonesia	19,732	(18,978)	21,854	353	38%

a) In liquidation process

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(iv) Investments in property

2011	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
Acquisition cost:					
Land and landrights	1,566,111	-	-	-	1,566,111
Buildings	202,348	481	(51,699)	(726)	150,404
Total acquisition cost	1,768,459	481	(51,699)	(726)	1,716,515
Accumulated depreciation					
Buildings	(108,140)	(5,753)	-	(3,086)	(116,979)
Net book value	**1,660,319**				**1,599,536**

2010	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
Acquisition cost:					
Land and landrights	1,577,549	-	(3)	(11,435)	1,566,111
Buildings	196,140	12,719	(5,966)	(545)	202,348
Total acquisition cost	1,773,689	12,719	(5,969)	(11,980)	1,768,459
Accumulated depreciation					
Buildings	(99,469)	(9,682)	710	301	(108,140)
Net book value	**1,674,220**				**1,660,319**

2009	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
Acquisition cost:					
Land and landrights	1,585,634	8,043	-	(16,128)	1,577,549
Buildings	222,409	99	(11,491)	(14,877)	196,140
Total acquisition cost	1,808,043	8,142	(11,491)	(31,005)	1,773,689
Accumulated depreciation					
Buildings	(92,273)	(14,086)	2,466	4,424	(99,469)
Net book value	**1,715,770**				**1,674,220**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LONG-TERM INVESTMENTS (continued)

(iv) Investments in property (continued)

The additions to accumulated depreciation for 2011, 2010 and 2009 in respect of such investment in property amounted to Rp5,753, Rp9,682 and Rp14,086 respectively (Note 37).

As of 31 December 2011, 2010 and 2009, all of the Group's investments in property, except land and landrights, are insured against fire and other possible risks (Note 12).

The fair value of investments in property calculated based on taxable sale value as of 31 December 2011, 2010 and 2009 amounted to Rp4,627,660, Rp3,581,271 and Rp3,610,263, respectively.

Rental income from investments in property recognised in 2011, 2010 and 2009 amounted to Rp107,686, Rp93,728 and Rp62,978, respectively.

Based on the Group's management review, there were no events or changes in circumstances which indicate an impairment in the value of investments in property as at 31 December 2011, 2010 and 2009.

Land and buildings owned by a Subsidiary located in Kebon Sirih, Jakarta, is used as collateral on a subsidiary bank loan.

(v) Investments in other financial assets

As of 31 December 2011, 2010 and 2009, investments in other financial assets represent investments owned by PT Tugu Pratama Indonesia in held to maturity bonds.

12. FIXED ASSETS

	2011					
	Beginning balance	Additions	Deductions	Transfers/ Reclassi-fications	Translation	Ending balance
Acquisition cost:						
Land and landrights	11,140,502	607,680	(34,113)	50,234	(5)	11,764,298
Tanks, pipeline installations and other equipment	31,952,160	455,016	(6,632)	769,440	-	33,169,984
Refineries	26,017,659	601,589	-	60,109	4,894	26,684,251
Buildings	4,953,601	250,384	(29,159)	76,209	711	5,251,746
Ships and aircraft	5,464,590	510,860	(12,663)	3,835,832	-	9,798,619
Moveable assets	4,103,073	737,070	(103,634)	10,303	359	4,747,171
Assets under construction	11,121,511	5,348,569	(328,249)	(4,968,731)	16,828	11,189,928
	94,753,096	8,511,168	(514,450)	(166,604)	22,787	102,605,997
Finance lease assets:						
Landrights	259,675	53,050	-	-	-	312,725
Buildings	521,009	106,439	(7,000)	-	-	620,448
Tanks, pipeline installations and other equipment	1,810,907	439,915	-	-	-	2,250,822
Ships and aircraft	55,547	-	-	-	-	55,547
Moveable assets	2,004,329	410,173	-	-	-	2,414,502
	4,651,467	1,009,577	(7,000)	-	-	5,654,044
Total acquisition cost	**99,404,563**	**9,520,745**	**(521,450)**	**(166,604)**	**22,787**	**108,260,041**

(Expressed in millions of Rupiah, unless otherwise stated)

12. FIXED ASSETS (continued)

	2011					
	Beginning balance	Additions	Deductions	Transfers/ Reclassi-fications	Translation	Ending balance
Accumulated depreciation:						
Landrights	(1,156)	(1,539)	-	1,361	-	(1,334)
Tanks, pipeline installations and other equipment	(15,570,575)	(1,554,523)	4,603	65,455	(1,799)	(17,056,839)
Refineries	(8,949,699)	(1,668,260)	-	23,487	-	(10,594,472)
Buildings	(2,336,227)	(258,222)	21,290	2,743	(335)	(2,570,751)
Ships and aircraft	(3,085,981)	(355,100)	6,083	1,048	-	(3,433,950)
Moveable assets	(2,205,928)	(386,082)	89,586	95,517	(291)	(2,407,198)
	(32,149,566)	(4,223,726)	121,562	189,611	(2,425)	(36,064,544)
Finance lease assets:						
Landrights	(48,652)	(23,249)	-	-	-	(71,901)
Buildings	(72,094)	(34,451)	-	-	-	(106,545)
Tanks, pipeline installations and other equipment	(277,487)	(146,801)	-	-	-	(424,288)
Ships and aircraft	(13,887)	(5,555)	-	-	-	(19,442)
Moveable assets	(596,393)	(294,734)	-	-	-	(891,127)
	(1,008,513)	(504,790)	-	-	-	(1,513,303)
Total accumulated depreciation	(33,158,079)	(4,728,516)	121,562	189,611	(2,425)	(37,577,847)
Provision for impairment	(578,575)	-	-	47,730	-	(530,845)
Net book value	**65,667,909**					**70,151,349**

	2010*					
	Beginning balance	Additions	Deductions	Transfers/ Reclassi-fications	Translation	Ending balance
Acquisition cost:						
Land and landrights	11,178,778	85,626	(112,367)	(11,535)	-	11,140,502
Tanks, pipeline installations and other equipment	29,584,806	900,807	(31,082)	1,497,629	-	31,952,160
Refineries	25,243,466	779,743	(5,250)	(300)	-	26,017,659
Buildings	4,642,539	230,417	(4,001)	88,335	(3,689)	4,953,601
Ships and aircraft	4,740,267	683,788	-	40,535	-	5,464,590
Moveable assets	4,049,574	563,521	(519,779)	10,390	(633)	4,103,073
Assets under construction	8,536,845	4,808,095	(136,496)	(2,086,933)	-	11,121,511
	87,976,275	8,051,997	(808,975)	(461,879)	(4,322)	94,753,096
Finance lease assets:						
Landrights	154,914	104,761	-	-	-	259,675
Buildings	151,097	369,912	-	-	-	521,009
Tanks, pipeline installations and other equipment	1,100,441	710,466	-	-	-	1,810,907
Ships and aircraft	55,547	-	-	-	-	55,547
Moveable assets	1,718,946	352,292	(66,909)	-	-	2,004,329
	3,180,945	1,537,431	(66,909)	-	-	4,651,467
Total acquisition cost	**91,157,220**	**9,589,428**	**(875,884)**	**(461,879)**	**(4,322)**	**99,404,563**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

12. FIXED ASSETS (continued)

	2010*					
	Beginning balance	Additions	Deductions	Transfers/ Reclassi- fications	Translation	Ending balance
Accumulated depreciation:						
Landrights	(984)	(172)	-	-	-	(1,156)
Tanks, pipeline installations and other equipment	(14,051,143)	(1,510,029)	1,522	(10,925)	-	(15,570,575)
Refineries	(7,702,494)	(1,248,310)	505	600	-	(8,949,699)
Buildings	(2,178,838)	(180,186)	4,515	17,179	1,103	(2,336,227)
Ships and aircraft	(2,765,219)	(320,762)	-	-	-	(3,085,981)
Moveable assets	(2,287,013)	(430,662)	455,635	55,512	600	(2,205,928)
	(28,985,691)	(3,690,121)	462,177	62,366	1,703	(32,149,566)
Finance lease assets:						
Landrights	(27,448)	(21,204)	-	-	-	(48,652)
Buildings	(16,316)	(55,778)	-	-	-	(72,094)
Tanks, pipeline installations and other equipment	(153,324)	(145,170)	21,007	-	-	(277,487)
Ships and aircraft	(8,332)	(5,555)	-	-	-	(13,887)
Moveable assets	(401,636)	(194,757)	-	-	-	(596,393)
	(607,056)	(422,464)	21,007	-	-	(1,008,513)
Total accumulated depreciation	(29,592,747)	(4,112,585)	483,184	62,366	1,703	(33,158,079)
Provision for impairment	-	(578,575)	-	-	-	(578,575)
Net book value	**61,564,473**					**65,667,909**

	2009*					
	Beginning balance	Additions[a)]	Deductions[b)]	Transfers/ Reclassi- fications	Translation	Ending balance
Acquisition cost:						
Land and landrights	11,125,790	-	(584)	53,572	-	11,178,778
Tanks, pipeline installations and other equipment	27,315,250	616,629	(76,026)	1,728,953	-	29,584,806
Refineries	24,442,314	288,572	(3,730)	516,310	-	25,243,466
Buildings	4,378,444	15,868	(26,950)	281,850	(6,673)	4,642,539
Ships and aircraft	4,149,251	548,746	(19,335)	61,605	-	4,740,267
Moveable assets	3,471,049	371,781	(46,792)	256,330	(2,893)	4,049,475
Assets under construction	6,453,971	5,428,625	(384,470)	(2,961,182)	-	8,536,944
	81,336,069	7,270,221	(557,887)	(62,562)	(9,566)	87,976,275
Finance lease assets:						
Landrights	53,537	101,377	-	-	-	154,914
Buildings	44,412	106,685	-	-	-	151,097
Ships and aircraft	117,574	-	(422)	(61,605)	-	55,547
Moveable assets	1,451,087	269,498	(476)	(1,163)	-	1,718,946
Tanks, pipeline installations and other equipment	394,446	705,995	-	-	-	1,100,441
	2,061,056	1,183,555	(898)	(62,768)	-	3,180,945
Total acquisition cost	**83,397,125**	**8,453,776**	**(558,785)**	**(125,330)**	**(9,566)**	**91,157,220**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

12. FIXED ASSETS (continued)

	2009*					
	Beginning balance	Additions[a)]	Deductions[b)]	Transfers/ Reclassi- fications	Translation	Ending balance
Accumulated depreciation:						
Landrights	(824)	(160)	-	-	-	(984)
Tanks, pipeline installations and other equipment	(12,416,872)	(1,687,934)	60,136	(6,473)	-	(14,051,143)
Refineries	(6,575,679)	(1,126,850)	195	(160)	-	(7,702,494)
Buildings	(1,999,895)	(194,260)	15,584	(4,659)	4,392	(2,178,838)
Ships and aircraft	(2,089,813)	(694,739)	19,333	-	-	(2,765,219)
Moveable assets	(2,009,427)	(330,386)	28,951	21,682	2,167	(2,287,013)
	(25,092,510)	(4,034,329)	124,199	10,390	6,559	(28,985,691)
Finance lease assets:						
Landrights	(9,211)	(18,237)	-	-	-	(27,448)
Buildings	(7,641)	(8,675)	-	-	-	(16,316)
Ships and aircraft	(26,853)	(9,388)	-	27,909	-	(8,332)
Moveable assets	(270,410)	(131,834)	136	472	-	(401,636)
Tanks, pipeline installations and other equipment	(69,309)	(84,015)	-	-	-	(153,324)
	(383,424)	(252,149)	136	28,381	-	(607,056)
Total accumulated depreciation	(25,475,934)	(4,286,478)	124,335	38,771	6,559	(29,592,747)
Net book value	**57,921,191**					**61,564,473**

a) The additions include restatement of the beginning balance of the acquisition cost and accumulated depreciation of PT Pelita Air Service amounting to Rp366,586.

b) The deductions include acquisition cost and accumulated depreciation of Rp937, which represent the beginning balance of the fixed assets of PT Perta Insana, a subsidiary of PT Patra Niaga, which was previously consolidated (Note 1b).

* As restated (refer to Note 4)

The allocation of depreciation expense is as follows:

	2011	2010	2009
Cost of goods sold (Note 32)	2,805,380	2,468,494	2,328,014
Other operating activities expenses (Note 35)	395,391	197,508	175,950
Selling and marketing expenses (Note 36)	1,325,864	1,015,331	859,851
General and administrative expenses (Note 37)	201,881	431,252	556,077
	4,728,516	4,112,585	3,919,892
The restatement effect of the beginning balance of the accumulated depreciation of PT Pelita Air Service	-	-	366,586
	4,728,516	**4,112,585**	**4,286,478**

As of 31 December 2011, the Group owned parcels of land at various locations in Indonesia with Building Use Rights (HGB) ranging from 20 to 30 years. Some of the HGBs have expired or are near their expiration dates. Management believes that those HGB certificates can be extended upon their expiration.

(Expressed in millions of Rupiah, unless otherwise stated)

12. FIXED ASSETS (continued)

As of 31 December 2011, 2010 and 2009, the Group's inventories, investment property, fixed assets, and oil & gas and geothermal properties, except for land and landrights, are insured against fire and other possible risks for a total insurance coverage of Rp287,423,458, Rp242,433,440 and Rp284,818,331, respectively.

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

Certain fixed assets are pledged as collateral for Subsidiaries' long-term loans (Note 19).

Interest capitalised as part of the fixed assets amounted to Rp142,518, Rp56,271 and Rp100,143 in 2011, 2010 and 2009, respectively. The average capitalisation rate for the year ended 31 December 2011, 2010 and 2009 was 2.47%, 2.83% and 2.88%, respectively.

Management believes that the provision of impairment in the value of the fixed assets as of 31 December 2011, 2010 and 2009 is adequate to cover any possible losses on the impairment of fixed asset.

Assets under construction as at 31 December 2011 mainly comprise new plants, installation and moveable assets being constructed in Indonesia and ships in overseas.

13. OIL & GAS AND GEOTHERMAL PROPERTIES

	2011					
	Beginning balance	Additions[a)]	Deductions	Transfers/ Reclassi- fications	Translation	Ending balance
Acquisition cost:						
Land and langrights	64,961	29,002	-	8,800	-	102,763
Oil and gas wells	35,828,173	6,722,666	-	1,713,432	408,027	44,672,298
Geothermal wells	582,087	-	-	281,433	-	863,520
Installations	7,248,866	595,842	-	1,402,605	210,093	9,457,406
LPG plants	36,306	-	-	-	-	36,306
Buildings	204,330	43,395	-	32,622	-	280,347
Moveable assets	678,607	111,831	-	8,375	-	798,813
Subtotal	44,643,330	7,502,736	-	3,447,267	618,120	56,211,453
Assets under construction	9,365,931	4,980,133	(183,190)	(3,639,246)	25,548	10,549,176
Finance lease assets:						
Installations	2,636,086	-	-	-	-	2,636,086
LPG plants	401,203	-	-	-	-	401,203
Buildings	494,983	-	-	-	-	494,983
Moveable assets	146,514	-	-	-	-	146,514
Subtotal	3,678,786	-	-	-	-	3,678,786
Total acquisition cost	**57,688,047**	**12,482,869**	**(183,190)**	**(191,979)**	**643,668**	**70,439,415**

(Expressed in millions of Rupiah, unless otherwise stated)

13. OIL & GAS AND GEOTHERMAL PROPERTIES (continued)

	2011					
	Beginning balance	Additions[a]	Deductions	Transfers/ Reclassi- fications	Translation	Ending balance
Accumulated depreciation, depletion and amortisation:						
Oil and gas wells	(11,233,295)	(2,673,805)	-	-	9,634	(13,897,466)
Geothermal wells	(268,117)	(60,485)	-	-	-	(328,602)
Installations	(2,908,921)	(768,957)	-	-	(6,739)	(3,684,617)
LPG plants	(24,672)	(6,474)	-	-	-	(31,146)
Buildings	(42,315)	(12,872)	-	-	-	(55,187)
Moveable assets	(391,114)	(91,139)	-	(51)	-	(482,304)
Subtotal	(14,868,434)	(3,613,732)	-	(51)	2,895	(18,479,322)
Finance lease assets:						
Installations	(1,939,631)	(50,041)	-	-	-	(1,989,672)
LPG plants	(259,544)	(95,932)	-	-	-	(355,476)
Buildings	(429,900)	(11,533)	-	-	-	(441,433)
Moveable assets	(100,172)	(9,490)	-	-	-	(109,662)
Subtotal	(2,729,247)	(166,996)	-	-	-	(2,896,243)
Total accumulated depreciation, depletion and amortisation	(17,597,681)	(3,780,728)	-	(51)	2,895	(21,375,565)
Provision for impairment	-	(1,815,621)	-	-	-	(1,815,621)
Net book value	**40,090,366**					**47,248,229**

a) The additions include the impact of the increase of PT PHE West Madura participating interest in West Madura Offshore Block, which result in an increase in acquisition costs and accumulated depreciation of Rp672,578 and Rp463,558, respectively.

	2010					
	Beginning balance	Additions	Deductions[a]	Transfers/ Reclassi- fications	Translation	Ending balance
Acquisition cost:						
Land and landrights	39,935	-	-	25,026	-	64,961
Oil and gas wells	26,249,167	953,895	(216,445)	9,207,251	(365,695)	35,828,173
Geothermal wells	582,087	-	-	-	-	582,087
Installations	9,649,761	2,124	14,124	(2,254,257)	(162,886)	7,248,866
LPG plants	36,306	-	-	-	-	36,306
Buildings	174,957	-	-	29,373	-	204,330
Moveable assets	512,831	8,820	-	156,956	-	678,607
Subtotal	37,245,044	964,839	(202,321)	7,164,349	(528,581)	44,643,330
Assets under construction	8,818,691	8,764,772	(387,244)	(7,799,360)	(30,928)	9,365,931
Finance lease assets:						
Installations	2,636,086	-	-	-	-	2,636,086
LPG plants	401,203	-	-	-	-	401,203
Buildings	494,983	-	-	-	-	494,983
Moveable assets	146,514	-	-	-	-	146,514
Subtotal	3,678,786	-	-	-	-	3,678,786
Total acquisition cost	**49,742,521**	**9,729,611**	**(589,565)**	**(635,011)**	**(559,509)**	**57,688,047**

(Expressed in millions of Rupiah, unless otherwise stated)

13. OIL & GAS AND GEOTHERMAL PROPERTIES (continued)

	2010					
	Beginning balance	Additions	Deductions[a)]	Transfers/ Reclassi-fications	Translation	Ending balance
Accumulated depreciation, depletion and amortisation:						
Oil and gas wells	(7,975,071)	(2,616,020)	569,969	(1,478,791)	266,618	(11,233,295)
Geothermal wells	(207,236)	(77,847)	-	16,966	-	(268,117)
Installations	(3,599,709)	(845,036)	5,579	1,492,399	37,846	(2,908,921)
LPG plants	(14,605)	(10,067)	-	-	-	(24,672)
Buildings	(25,064)	(8,919)	-	(8,332)	-	(42,315)
Moveable assets	(286,037)	(71,669)	-	(33,408)	-	(391,114)
Subtotal	(12,107,722)	(3,629,558)	575,548	(11,166)	304,464	(14,868,434)
Finance lease assets:						
Installations	(1,813,139)	(126,492)	-	-	-	(1,939,631)
LPG plants	(192,421)	(67,123)	-	-	-	(259,544)
Buildings	(417,481)	(12,419)	-	-	-	(429,900)
Moveable assets	(89,771)	(10,401)	-	-	-	(100,172)
Subtotal	(2,512,812)	(216,435)	-	-	-	(2,729,247)
Total accumulated depreciation,depletion and amortisation	(14,620,534)	(3,845,993)	575,548	(11,166)	304,464	(17,597,681)
Net book value	**35,121,987**					**40,090,366**

a) The deductions include corrections of prior years Asset Retirement Obligations (ARO) calculation from PT Pertamina EP which resulted in a deduction to acquisition cost and accumulated depreciation in the amount of Rp202,191 and Rp575,517, respectively.

	2009					
	Beginning balance	Additions[a)]	Deductions[b)]	Transfers/ Reclassi-fications	Translation	Ending balance
Acquisition cost:						
Land and landrights	39,935	-	-	-	-	39,935
Oil and gas wells	17,832,524	6,553,562	(638,969)	3,490,307	(988,257)	26,249,167
Geothermal wells	340,067	-	-	242,020	-	582,087
Installations	8,904,513	895,425	(55,855)	371,940	(466,262)	9,649,761
LPG plants	36,306	-	-	-	-	36,306
Buildings	172,186	-	(1,413)	4,184	-	174,957
Moveable assets	456,596	51	(2,079)	58,711	(448)	512,831
Subtotal	27,782,127	7,449,038	(698,316)	4,167,162	(1,454,967)	37,245,044
Assets under construction	5,781,636	7,876,803	(600,974)	(4,177,494)	(61,280)	8,818,691
Finance lease assets:						
Installations	2,636,086	-	-	-	-	2,636,086
LPG plants	401,203	-	-	-	-	401,203
Buildings	494,983	-	-	-	-	494,983
Moveable assets	146,514	-	-	-	-	146,514
Subtotal	3,678,786	-	-	-	-	3,678,786
Total acquisition cost	**37,242,549**	**15,325,841**	**(1,299,290)**	**(10,332)**	**(1,516,247)**	**49,742,521**

(Expressed in millions of Rupiah, unless otherwise stated)

13. OIL & GAS AND GEOTHERMAL PROPERTIES (continued)

	2009					
	Beginning balance	Additions[a]	Deductions[b]	Transfers/ Reclassi-fications	Translation	Ending balance
Accumulated depreciation, depletion and amortisation:						
Oil and gas wells	(5,918,895)	(2,740,461)	4,235	-	680,050	(7,975,071)
Geothermal wells	(156,114)	(51,122)	-	-	-	(207,236)
Installations	(3,053,026)	(846,240)	-	-	299,557	(3,599,709)
LPG plants	(4,538)	(10,067)	-	-	-	(14,605)
Buildings	(16,805)	(8,259)	-	-	-	(25,064)
Moveable assets	(230,841)	(55,395)	-	-	199	(286,037)
Subtotal	(9,380,219)	(3,711,544)	4,235	-	979,806	(12,107,722)
Finance lease assets:						
Installations	(1,657,259)	(155,880)	-	-	-	(1,813,139)
LPG plants	(125,297)	(67,124)	-	-	-	(192,421)
Buildings	(403,167)	(14,314)	-	-	-	(417,481)
Moveable assets	(79,026)	(10,745)	-	-	-	(89,771)
Subtotal	(2,264,749)	(248,063)	-	-	-	(2,512,812)
Total accumulated depreciation, depletion and amortisation	(11,644,968)	(3,959,607)	4,235	-	979,806	(14,620,534)
Net book value	25,597,581					35,121,987

a) The additions include the impact of the acquisitions by PT Pertamina Hulu Energi, a Subsidiary, during 2009, of the ONWJ and ROC blocks involving an acquisition cost and accumulated depletion amounting to Rp4,661,681 and Rp1,273,794, respectively.

b) The deductions include write off of the Basker Manta Gummy (BMG) field owned by PT Pertamina Hulu Energi Australia Pty. Ltd., a Subsidiary, of AUD66,298,933 or equivalent to Rp568,000 as a result of the re-evaluation of field reserves.

The allocation of depreciation, depletion and amortisation expense is as follows:

	2011	2010	2009
Upstream production and lifting costs (Note 33)	3,259,692	3,818,031	2,643,393
General and administrative expenses (Note 37)	57,478	27,962	42,420
	3,317,170	3,845,993	2,685,813
The impact of PT Pertamina Hulu Energi's addition of participating interest at WMO	463,558	-	-
The impact of PT Pertamina Hulu Energi's acquisition in ONWJ and ROC blocks	-	-	1,273,794
	3,780,728	3,845,993	3,959,607

(Expressed in millions of Rupiah, unless otherwise stated)

13. OIL & GAS AND GEOTHERMAL PROPERTIES (continued)

Impairment of oil and gas properties

Management performed impairment testing in 2011 due to indication of impairment in certain PSC blocks and overseas oil and gas blocks. The impairment charge arose in SK-305 block (Malaysia) and South Jambi PSC block following management's technical and commercial evaluations based on the result of recent exploration.

Recoverable and book value of oil and gas properties as at 31 December 2011 are as follows:

	Recoverable value	Book value	Impairment charge
PHE South Jambi	-	31,869	31,869
SK 305	-	1,783,752	1,783,752
Total	**-**	**1,815,621**	**1,815,621**

The recoverable amounts of those oil and gas blocks are determined based on value-in-use calculation. Those calculations use pre-tax cash flow projections based on financial budgets approved by management covering the oil and gas reserves owned by the Subsidiaries.

Key assumptions used for value-in-use calculation as the basis of impairment test in 2011 are as follows:

	Oil price (US$)	Gas price (US$)	Discount rate (%)
PHE South Jambi	90	12	9.89
SK 305	90	0.63	11.58

Management determined oil price based on its expectation of market development and gas price based on the gas sales contract. The discount rate used is pre-tax and reflects specific risk relating to the relevant oil and gas blocks and the respective Subsidiaries.

As of 31 December 2011, 2010 and 2009, all of the Company's, PT Pertamina EP's and PT Pertamina Geothermal Energy's oil & gas and geothermal properties, except land and landrights, are insured against fire and other possible risks (Note 12).

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

Interest capitalised as part of the oil & gas and geothermal properties amounted to Rp94,758, Rp23,014 and Rp 53,520 in 2011, 2010 and 2009, respectively. The average capitalisation rate for the year ended 31 December 2011, 2010 and 2009 were 1.64%, 1.16% and 1.54%, respectively.

Assets under construction as at 31 December 2011 mainly comprise new geothermal wells and installations being constructed in Indonesia.

(Expressed in millions of Rupiah, unless otherwise stated)

14. OTHER ASSETS - NET

	2011	2010*	2009*
Other receivables - related parties (Note 41b)	1,483,803	517,132	2,573,641
Goodwill	588,205	588,205	767,766
Long-term employee receivables	268,485	317,172	292,536
Deferred charges	258,911	244,161	173,300
Non-Free and Non-Clear assets - Net	218,325	218,325	218,325
Restricted cash	126,549	53,638	133,893
Trade receivables - related parties (Note 41a)	-	355,376	1,395,696
Others	530,227	485,217	392,424
	3,474,505	2,779,226	5,947,581

* As restated (refer to Note 4)

a. Goodwill

	2011	2010	2009
Acquisition cost			
Carrying amount-beginning balance	860,500	860,500	58,082
Addition	-	-	802,418
	860,500	860,500	860,500
Accumulated amortisation			
Carrying amount-beginning balance	(272,295)	(92,734)	(1,714)
Addition (Note 33)	-	(179,561)	(91,020)
	(272,295)	(272,295)	(92,734)
	588,205	588,205	767,766

The balance of goodwill arose from the PHE's acquisitions of PT PHE Tuban (formerly PT Medco E&P Tuban) in 2008 and ONWJ Ltd. (formerly BP West Java Ltd.) in 2009.

Effective from 1 January 2011, goodwill is not amortised in accordance with the new Accounting Standard adopted by the Group.

Impairment tests for goodwill

The goodwill is allocated to the Company's Cash-Generating Unit (CGU) identified according to PSC blocks.

A summary of the goodwill allocation is presented below:

	2011	2010	2009
ONWJ	545,371	545,371	716,359
PHE Tuban	42,834	42,834	51,407
	588,205	588,205	767,766

(Expressed in millions of Rupiah, unless otherwise stated)

14. OTHER ASSETS - NET (continued)

a. Goodwill (continued)

The recoverable amount of all CGU's has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering the oil and gas reserves owned by the Subsidiaries.

Key assumptions used for value-in-use calculation as the basis of impairment test for goodwill in 2011 are as follows:

	Oil price (US$)	Gas price (US$)	Discount rate (%)
ONWJ	90	5 - 6	9.49
PHE Tuban	90	3.89 - 5.5	9.49

Management determined oil price based on its expectations of market development, and gas price based on the gas sales contract. The discount rate used is pre-tax and reflects specific risks relating to the relevant PSC blocks and the respective Subsidiaries.

Based on impairment testing, no impairment on goodwill is necessary.

b. Non-Free and Non-Clear Assets - net

	2011	2010	2009
Non-Free and Non-Clear assets	1,264,959	1,265,023	1,390,635
Provision for impairment	(1,046,634)	(1,046,698)	(1,172,310)
	218,325	218,325	218,325

Non-Free and Non-Clear assets represent land located in Plumpang, Jakarta and certain assets located in other areas where, as of the date of the completion of these consolidated financial statements, the documentation and rights of the Company are still subject to completion of the legal and settlement processes to allow the Company to fully utilise such assets.

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

(Expressed in millions of Rupiah, unless otherwise stated)

14. OTHER ASSETS - NET (continued)

c. Restricted Cash

	2011	2010	2009
US Dollar accounts			
Government-related entities			
- Bank Mandiri	70,730	31,167	21,005
- BNI	44,937	450	13,348
- BRI	-	14,296	18,095
Third parties			
- PT Bank CIMB Niaga Tbk ("CIMB")	-	-	52,997
- Others	-	-	7,739
	115,667	45,913	113,184
Rupiah accounts			
Government-related entities			
- BNI	10,882	-	15,821
- Bank Mandiri	-	7,725	3,098
Third parties			
- CIMB	-	-	740
- Others	-	-	1,050
	10,882	7,725	20,709
	126,549	**53,638**	**133,893**

Restricted cash at BNI, BRI, Bank Mandiri and CIMB represent time deposits which are used as bank guarantees for time charter parties, land drilling contract units, aircraft charter contracts, financing vessel construction and related to work program to be carried out by PHE West Madura.

15. SHORT-TERM LOANS

	2011	2010	2009
Government-related entities			
- BNI	5,795,104	3,253,186	1,457,117
- BRI	5,636,042	3,845,244	3,172,992
- Bank Mandiri	2,746,181	3,071,755	2,382,183
- Indonesia Export Financing Institution	698,860	654,387	427,761
Third parties			
- BCA	3,898,065	2,922,703	3,080,830
- BNP Paribas	1,895,096	1,416,476	502,688
- The Bank of Tokyo Mitsubishi UFJ, Ltd. ("BOT")	1,812,674	-	-
- PT Bank Bukopin Tbk	686,572	385,825	412,744

(Expressed in millions of Rupiah, unless otherwise stated)

15. SHORT-TERM LOANS (continued)

	2011	2010	2009
- PT Bank DBS Indonesia	678,883	-	-
- Sumitomo Mitsui Banking Corporation	653,846	269,515	890,903
- Citibank, N.A	558,530	975,333	-
- PT ANZ Panin Bank	461,053	149,925	-
- PT Bank Sumitomo Mitsui Indonesia	449,186	-	-
- Arab Bank Plc.	275,423	-	-
- CIMB	193,000	196,840	-
- Calyon	68,120	-	1,001,777
- Royal Bank of Scotland (RBS) (formerly ABN AMRO BANK N.V.)	-	872,422	205,347
- HSBC	-	608,874	211,939
- PT Bank Permata Tbk	-	449,404	151,732
- Standard Chartered Bank	-	186,383	466,817
- Natixis Bank, Singapore	-	-	394,729
- Others	-	-	1,000
	26,506,635	19,258,272	14,760,559

Other information relating to the Group's short-term bank loans facility as at 31 December 2011 is as follows:

Lenders	Expiration date
BRI	24 March 2012
BNI	22 June 2012
Bank Mandiri	11 March 2012
BCA	8 November 2012
BNP Paribas	Withdrawn as agreed
PT ANZ Panin Bank	31 May 2012
RBS	Withdrawn as agreed
BOT	21 April 2012
Lembaga Pembiayaan Ekspor Indonesia	13 December 2012
PT Bank Bukopin Tbk	21 April 2012
Citibank, N.A	8 November 2012
PT Bank Sumitomo Mitsui Indonesia	Withdrawn as agreed
Arab Bank Plc.	23 March 2012
PT Bank DBS Indonesia	23 May 2012
Sumitomo Mitsui Banking Corporation	Withdrawn as agreed
HSBC	30 August 2012
PT Bank Permata Tbk	26 August 2012
Standard Chartered Bank	15 March 2012
Natixis Bank, Singapore	7 March 2012
PT Bank Mizuho Indonesia	10 January 2012
Calyon	Withdrawn as agreed
PT Bank CIMB Niaga Tbk	3 October 2012

(Expressed in millions of Rupiah, unless otherwise stated)

15. SHORT-TERM LOANS (continued)

Interest rates charged are based on market rates (e.g. SIBOR or LIBOR) plus certain percentages depending on negotiation at drawdown.

Annual interest rates on short-term loans during 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Rupiah	8.75% - 9.50%	8.95% - 9.19%	9.21% - 9.33%
US Dollar	1.28% - 1.50%	1.31% - 3.13%	1.78% - 4.25%

The funds received from short-term loans are to be used for working capital purposes and the Company is required to comply with certain covenants, such as: obtaining written approvals from lenders before entering into transactions such as mergers and making changes in the Company's status, Articles of Association and share capital, making disposal and pledging collateral in the form of fixed assets acquired using loan facilities, changing core business activities, maintaining insurance coverage for its assets and complying with certain financial ratios.

16. TRADE PAYABLES

Details of third party trade payables:

	2011	2010*	2009*
- PTT Public Co. Ltd.	3,557,160	1,190,499	514,253
- Veritaoil Limited	3,524,128	380,560	-
- Trafigura Pte. Ltd.	2,106,342	859,922	1,163,227
- Petrochina International Jabung Ltd.	2,027,296	489,175	74,057
- Saudi Arabian Oil Co.	1,784,406	2,893,569	2,621,580
- Vitol Asia Pte. Ltd.	1,630,692	3,588,896	1,335,758
- Petredec Limited Bermuda	1,305,383	1,128,828	317,655
- S Oil Corporation	1,221,743	-	-
- SK Energy International Pte. Ltd.	1,047,210	581,162	-
- Total EP Angola	1,041,711	-	-
- Hin Leong Trading Pte. Ltd.	810,400	187,574	6,193
- Arcadia Energy Pte. Ltd.	792,783	958,024	456,713
- Kuwait Petroleum Corporation	684,120	2,366,942	491,145
- Kangqi International Pte. Ltd.	622,893	-	-
- Petronas Trading Corporation	621,308	1,416,556	93,071
- Gunvor Singapore Pte. Ltd.	519,270	-	-
- Mobil Cepu Ltd.	436,869	317,864	242,905
- Talisman Jambi Merang	386,053	-	-
- Pacific Oil and Gas Ltd.	385,052	-	-
- Shell International Eastern Trading Co.	383,730	1,701,554	269,957
- Totsa Total Oil Trading SA	353,391	-	-
- BP Singapore Pte. Ltd.	329,411	521,078	609,319
- Unipec Singapore Pte. Ltd.	325,866	285,124	552,144

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

16. TRADE PAYABLES (continued)

Details of third party trade payables:

	2011	2010*	2009*
- Kernel Oil Pte. Ltd.	319,820	-	-
- Chevron Indonesia Co.	269,300	261,620	35,896
- Chevron Geothermal Indonesia Ltd.	220,381	203,656	194,571
- Glencore Singapore Pte. Ltd.	212,311	977,222	828,873
- Petrochina East Java Ltd.	206,253	316,654	61,426
- BUT ConocoPhillips (Grissik) Ltd.	196,063	-	-
- Pacific Energy Trading Co.	194,404	-	-
- Daya Bumi Salak Pratama Ltd.	173,900	165,146	165,073
- JLT Risk Solutions Asia Pte. Ltd.	170,369	-	-
- Mercuria Energy Trading Group Ltd.	160,254	-	-
- PT Salamander Energy North	155,650	244,673	25,976
- PT Wilmar Nabati Indonesia	148,852	-	-
- PT Tri Wahana Universal	148,743	-	-
- Chevron Geothermal Salak Ltd.	139,707	126,028	125,350
- Inpex Corporation	136,382	153,461	93,372
- Total E&P Indonesie	133,689	247,895	136,349
- PT Binawahana Petrindo Meruap	133,288	157,848	23,191
- Concord Energy Pte. Ltd.	131,508	113,887	36,517
- China Offshore Oil (Singapore)	102,491	-	-
- PT Wilmar Bioenergi Indonesia	101,510	151,694	61,291
- Zheijang Shipbuilding Chenye Co. Ltd.	86,645	165,210	172,580
- ConocoPhillips International Inc.	77,060	160,809	580,085
- PT Inti Karya Persada Teknik	66,631	157,310	62,222
- PT Medco E&P Indonesia	38,336	39,953	153,815
- Chevron USA Inc.	7,781	234,269	435,970
- Itochu Petroleum Co. Pte. Ltd.	477	156,571	835,945
- Noble Resources Pte. Ltd.	-	673,773	-
- Astomos Energy Corporation	-	597,743	-
- Gold Manor International Ltd.	-	520,659	444,944
- Petrochina International (Singapore) Pte. Ltd.	-	296,402	207,645
- Jiangsu Eastern Heavy Industry Co. Ltd.	-	221,143	231,203
- JLT Group	-	150,686	165,176
- Hyundai Heavy Industries Co. Ltd.	-	148,772	-
- Kodeco Energy Co. Ltd.	-	-	130,447
- Petro Diamond Pte. Ltd.	-	-	467,782
- Mitsubishi Corporation	-	-	355,282
- Petrochina International (Bermuda) Ltd.	-	-	207,750
- PT Pertamit Processing	-	-	137,746
- PT Bumi Siak Pusako	-	-	172,605
- Foshan Saier Gas Appliance Co. Ltd.	-	-	111,632
- Others (each below Rp 100,000)	6,544,710	5,865,947	5,921,553
	36,173,732	31,376,358	21,330,244

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

17. DUE TO THE GOVERNMENT

	2011	2010*	2009*
The Company			
Conversion account (amount due to the Government for its share of Indonesian crude oil production supplied to the Company's refineries)	13,580,246	10,286,840	19,490,588
The Government's share of domestic natural gas sales involving its share of Indonesian gas production	2,551,840	402,824	856,265
The Government's share of export Indonesian crude oil production	689,437	2,293,464	2,857,663
Due to BPH Migas for restribution fee from distribution of BBM - non subsidy	206,557	249,963	249,963
Payable for purchase of the Government's share of LPG production	160,502	146,043	170,063
Ngurah Rai Airport refuelling facility (DPPU) construction project loan	125,902	128,021	126,493
State revenue involving income and taxes in relation to upstream activities	-	225,047	225,047
Settlement involving the Karaha Bodas Company case	-	-	2,995,897
Dividen payables	-	-	905,443
Payable for excess reimbursement of costs subsidy for certain fuel (BBM) products	-	-	399,081
Income tax involving geothermal operations	-	-	61,755
Total - Company	**17,314,484**	**13,732,202**	**28,338,258**
Subsidiaries:			
PT Pertamina EP:			
Government's share of income in relation to upstream activities	1,793,824	1,802,503	3,040,745
PT Pertamina Hulu Energi:			
Government's share of income in relation to upstream activities	520,571	717,924	653,270
Overlifting	417,748	435,254	511,124
	938,319	1,153,178	1,164,394
PT Pertamina EP:			
Finance lease liability - state-owned assets	4,233,157	3,944,551	3,654,919
Total - Subsidiaries	**6,965,300**	**6,900,232**	**7,860,058**
Total Consolidated	**24,279,784**	**20,632,434**	**36,198,316**
Less: Current portion	**(22,381,228)**	**(18,497,561)**	**(30,999,188)**
Non-current portion	**1,898,556**	**2,134,873**	**5,199,128**

* As reclassified (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

17. DUE TO THE GOVERNMENT (continued)

a. Conversion account

The conversion account represents the Company's liability to the Government in relation to the shipment of the Government's share of Indonesian crude oil production to the Company's refineries for processing to meet the domestic demand for fuel products. The Government's share of Indonesian crude oil production is derived from PT Pertamina EP's and PHE's working areas and other PSCs.

The movements in the conversion account are as follows:

	2011	2010	2009
Beginning balance	10,286,840	19,490,588	16,909,760
Add:			
Current years Government share of Indonesian crude oil production delivered to the Company's refineries	154,873,161	104,806,968	89,851,449
Correction of beginning balance from BPKP	219,322	-	-
Offset by:			
Receivables from PLN	(23,589,541)	(44,779,570)	(44,828,266)
Receivables for reimbursements of costs subsidy for certain fuel (BBM) products (Note 9a)	(21,184,243)	(51,986,682)	(32,235,289)
Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders (Note 9d)	(6,193,540)	(9,847,765)	(6,054,715)
Receivables from the Indonesian Armed Forces/Police involving fuel sales	(1,962,719)	(7,396,699)	(2,402,351)
Cash settlements	(98,869,034)	-	(1,750,000)
Ending balance	**13,580,246**	**10,286,840**	**19,490,588**

b. State revenue from upstream business activities

State revenue involving upstream activities represents the Government's share of income from PT Pertamina EP's Production Sharing Contract (PSC) activities, as well as the Government's share of income tax and dividend tax involving Pertamina Participating Interests (PPI).

(Expressed in millions of Rupiah, unless otherwise stated)

17. DUE TO THE GOVERNMENT (continued)

b. State revenue from upstream business activities (continued)

The movements in State revenue involving upstream activities during 2011, 2010 and 2009 are as follows:

	2011	2010	2009
The Company:			
Beginning balance	225,047	225,047	983,947
Audit corrections of BPKP for state revenue involving income and taxes in relation to upstream activities 2003 - 2005 and overpayment of income tax involving Technical Assistance Contract (TAC) activities Elnusa Tristar Ramba Ltd., British Virgin Islands	(358,376)	-	-
Audit corrections by BPKP for state revenue from income and upstream activities 2006-2007	(11,018)	-	-
Offset of PT Pertamina EP's receivables from the Government for DMO fees	-	-	(758,900)
Ending balance (due from)/due to - Company	**(144,347)**	**225,047**	**225,047**

c. Settlement involving the Karaha Bodas Company (KBC) case

Based on the Minister of Finance's letter No. S-14/MK.2/2007 dated 8 March 2007, the Minister of State-Owned Enterprises' letter No. S-32/MBU/2008 dated 16 January 2008, and approval of the Shareholder's General Meeting, it was decided that the KBC settlement amount of US$318,712,478 is to be borne by the Company and recognised as a payable to the Government by the Company.

Based on a decision made during a meeting on 28 December 2007 attended by the Minister of Finance, Minister of Energy and Mineral Resources, Minister of State-Owned Enterprises and the Coordinating Minister of the Economy, the Company recognised the assets related to the KBC contract with the former Pertamina Entity in its opening balance sheet. Consequently, the difference between the fair value of the assets recognised and the liability to the Government was treated as a reduction of the Government's capital contribution in the Company's opening balance sheet.

17. DUE TO THE GOVERNMENT (continued)

c. Settlement involving the Karaha Bodas Company (KBC) case (continued)

Based on the Minister of Finance's letters No. S-3519/AG/2010 dated 26 November 2010 and No. S-3735/AG/2010 dated 27 December 2010, this obligation was settled through offsetting PT Pertamina EP's receivables from 2009 with underlifting and DMO fees for the period from October 2009 until September 2010 amounting to US$104,348,438 and US$214,364,040, respectively.

d. Ngurah Rai Airport Refuelling Facility (DPPU) Construction Project Loan

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

The loan is repayable in 36 (thirty-six) semi-annual installments commencing in May 2007 through November 2024, and is subject to interest at the rate of 3.1% per annum.

e. Finance Lease Liability involving State-Owned Assets Utilised by PT Pertamina EP

According to Minister of Finance Decree No. 92/KMK.06/2008 dated 2 May 2008, assets previously owned by the former Pertamina Entity which have not been recognised in the opening balance sheet of the Company, as stipulated by Minister of Finance Decision Letter No. 23/KMK.06/2008, represent state-owned assets (BMN), the control over which is exercised by the Directorate General of State Assets (DJKN).

In accordance with Minister of Finance Decision Letter cq. DJKN No. S-23/MK.6/2009 dated 21 January 2009, the Government agreed to a leasing arrangement amounting to Rp16,226,357 of upstream assets previously owned by the former Pertamina Entity.

Based on the minutes of meeting dated 23 January 2009, which was attended by representatives of the Company and the Department of Finance cq. DJKN, the leasing arrangement is applicable to assets previously owned by the former Pertamina Entity excluding wells and land of Rp6,753,549, resulting in a total lease amount for the respective assets of Rp9,472,808 involving a period of 32 years.

In accordance with the Company's President Director's Decision Letter No. Kpts-023/C00000/2009-S0 dated 6 March 2009, the temporary leasing amount for PSC assets of Rp9,472,808 involving a period of 32 years starting from 17 September 2003 or Rp296,025 per annum, formalised lease agreement with the Department of Finance qq the Minister of Finance is yet to be finalised.

(Expressed in millions of Rupiah, unless otherwise stated)

17. DUE TO THE GOVERNMENT (continued)

e. Finance Lease Liability involving State-Owned Assets Utilised by PT Pertamina EP (continued)

With the transfer of the Company's PSC activities to PT Pertamina EP, effective from 17 September 2005, this arrangement assigned to PT Pertamina EP from that date.

Lessor	Type of assets	2011	2010	2009
The Ministry of Finance	Installation assets, buildings and moveable assets	4,233,157	3,944,551	3,654,919
Less amount due within one year		(2,450,819)	(2,153,602)	(1,856,551)
Non-current portion		**1,782,338**	**1,790,949**	**1,798,368**

Future lease payments as of 31 December 2011, 2010 and 2009 are as follows:

Years	2011	2010	2009
2010	-	-	2,146,183
2011	-	2,442,208	296,025
2012	2,738,233	296,025	296,025
2013	296,025	296,025	296,025
2014 - 2035	6,438,550	6,438,550	6,438,550
Total	9,472,808	9,472,808	9,472,808
Less amounts representing interest	(6,824,662)	(6,824,662)	(6,824,662)
Net	2,648,146	2,648,146	2,648,146
Amount due within one year	(865,808)	(857,197)	(849,778)
Non-current portion	**1,782,338**	**1,790,949**	**1,798,368**

Details of amounts due within one year as of 31 December 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Principal:			
- 2003 - 2007	833,128	833,128	833,128
- 2008	4,747	4,747	4,747
- 2009	5,509	5,509	5,509
- 2010	6,394	6,394	6,394
- 2011	7,419	7,419	-
- 2012	8,611	-	-
	865,808	857,197	849,778

(Expressed in millions of Rupiah, unless otherwise stated)

17. DUE TO THE GOVERNMENT (continued)

e. Finance Lease Liability involving State-Owned Assets Utilised by PT Pertamina EP (continued)

	2011	2010	2009
Interest:			
- 2003 - 2007	424,980	424,980	424,980
- 2008	291,278	291,278	291,278
- 2009	290,515	290,515	290,515
- 2010	289,632	289,632	-
- 2011	288,606	-	-
	1,585,011	1,296,405	1,006,773
Amount due within one year	**2,450,819**	**2,153,602**	**1,856,551**

18. ACCRUED EXPENSES

	2011	2010*	2009*
Suppliers and contractors	3,644,041	3,143,994	2,810,342
Technical Assistance Contracts (TAC) and Operation Co – operation (OC) partners	2,676,849	1,280,545	1,564,927
Bonuses, incentives and salaries	2,028,283	1,871,052	823,668
Estimated retention claim	528,517	286,538	189,581
Vessel repair and maintenance	179,373	7,817	14,458
Adjustments on employee benefit	173,400	-	-
Interest on loan	145,382	119,989	157,375
Demurrage fees	-	238,449	361,796
Others	803,904	231,919	1,620,025
	10,179,749	**7,180,303**	**7,542,172**

* As restated (refer to Note 4)

19. LONG-TERM LIABILITIES

	2011	2010*	2009*
Bank loans:			
Government related entities	8,292,906	10,147,607	5,585,000
Third parties	9,306,430	10,625,100	15,559,164
	17,599,336	20,772,707	21,144,164
Finance lease	4,298,136	4,004,379	3,156,541
Total long-term liabilities	**21,897,472**	**24,777,086**	**24,300,705**
Current portion	**(6,104,602)**	**(6,139,615)**	**(5,365,629)**
Non-current portion	**15,792,870**	**18,637,471**	**18,935,076**

* As restated (refer to Note 4)

19. LONG-TERM LIABILITIES (continued)

Annual interest rates on long-term loans during 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Rupiah	8.23% - 9.62%	6.80% - 7.20%	9.37% - 9.95%
US Dollar	1.07% - 3.16%	2.53% - 4.54%	1.84% - 5.50%

a. Bank loans

Details of the Group's syndicated bank loans and bank loans as of 31 December 2011, 2010 and 2009 were as follows:

	2011				
	Amount of foreign currency (in millions)		Rp equivalent		
			Total	Current	Non-current
Government related entities					
Bank Mandiri	US$	416	3,767,754	988,412	2,779,342
BRI	US$	284	2,577,579	739,042	1,838,537
Bank Mandiri (Syndicated Loan)	-	-	900,000	900,000	-
BNI	US$	93	842,602	561,735	280,867
Lembaga Penjaminan Ekspor Indonesia	US$	23	204,971	52,870	152,101
Third parties					
BNP Paribas (Syndicated Loan)	US$	651	5,903,268	952,140	4,951,128
BOT (Syndicated Loan)	US$	240	2,176,320	483,627	1,692,693
BCA	US$	87	786,428	524,285	262,143
Korea Development Bank	US$	30	275,385	51,412	223,973
Others (each below Rp100,000)			165,029	44,457	120,572
Total			17,599,336	5,297,980	12,301,356

	2010*				
	Amount of foreign currency (in millions)		Rp equivalent		
			Total	Current	Non-current
Government related entities					
Bank Mandiri	US$	456	4,101,646	602,198	3,499,448
BRI	US$	313	2,818,639	459,873	2,358,766
Bank Mandiri (Syndicated Loan)	-	-	2,100,000	1,200,000	900,000
BNI	US$	106	954,797	381,918	572,879
Lembaga Penjaminan Ekspor Indonesia	US$	19	172,525	30,772	141,753

* As restated (refer to Note 4)

19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

	2010*				
	Amount of foreign currency (in millions)		Rp equivalent		
			Total	Current	Non-current
Third parties					
BNP Paribas (Syndicated Loan)	US$	700	6,293,700	440,559	5,853,141
BOT (Syndicated Loan)	US$	280	2,517,480	1,438,560	1,078,920
BCA	US$	99	891,143	356,457	534,686
Korea Development Bank	US$	36	323,746	50,699	273,047
HSBC					
- RCC (Residue Catalytic Cracking) Off-Gas Propylene (ROPP) Project - Balongan	US$	32	288,996	288,996	-
- Pagardewa Project	US$	17	154,845	154,845	-
Others (each below Rp100,000)			155,190	41,853	113,337
Total			20,772,707	5,446,730	15,325,977

	2009*				
	Amount of foreign currency (in millions)		Rp equivalent		
			Total	Current	Non-current
Government related entities					
Bank Mandiri (Syndicated Loan)	-	-	3,000,000	900,000	2,100,000
BRI	US$	175	1,645,000	-	1,645,000
Bank Mandiri	US$	100	940,000	-	940,000
Third parties					
BNP Paribas (Syndicated Loan)	US$	700	6,580,000	-	6,580,000
BOT (Syndicated Loan)	US$	400	3,760,000	1,128,000	2,632,000
Credit Suisse International	US$	278	2,614,375	1,045,750	1,568,625
HSBC					
- (ROPP) Project - Balongan	US$	129	1,208,572	906,428	302,144
- Pagardewa Project	US$	86	809,444	647,556	161,888
Korea Development Bank	US$	42	391,223	52,773	338,450
Others (each below Rp100,000)			195,550	101,512	94,038
Total			21,144,164	4,782,019	16,362,145

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

Other information relating to the Group's syndicated loans and bank loans as at 31 December 2011 is as follows:

Lenders	Repayment schedule
The Company	
BNP Paribas (Syndicated loan)	Several installments (2012-2014)
Bank Mandiri (Syndicated loan)	Several installments (2012-2012)
BOT (Syndicated loan)	Several installments (2012-2012)
Bank Mandiri	Several installments (2012-2013)
BRI	Several installments (2012-2014)
BNI	Several installments (2012-2013)
BCA	Several installments (2012-2013)
Subsidiaries	
Korea Development Bank	
PT Patra Niaga	Several installments (2012-2017)
Lembaga Penjaminan Ekspor Indonesia	
PT Pertamina Trans Kontinental	Several installments (2012-2016)

Interest rates charged are based on market rates (e.g. SIBOR or LIBOR) plus certain percentages.

(i) Bank loans

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

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

The Subsidiaries' long-term bank loans are collateralised by certain Subsidiaries' assets such as receivables, inventories, fixed assets and other assets.

As of 31 December 2011, 2010 and 2009, the Group met the covenants as required by the loan agreements.

(ii) Loan for ROPP Project Balongan

On 30 December 2008, the Company signed a trust borrowing agreement (Trust Agreement) with HSBC Bank USA, N.A (ROPP Trustee). This agreement authorised the ROPP Trustee to borrow funds and pay costs incurred related to the ROPP Project located at the Balongan refinery. The borrowing was made under the Low Sulphur Waxy Residue (LSWR) Export Loan Agreement dated 30 December 2008 between ROPP Trustee and BNP Paribas, Tokyo Branch, The Sumitomo Trust & Banking Co., Ltd., and The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, to develop the ROPP Project. Repayments of this borrowing will be made from proceeds of sales of LSWR V-500 to Toyota Tsusho Corporation. In February 2011, final repayment of principal and interest was made.

(Expressed in millions of Rupiah, unless otherwise stated)

19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

(iii) Loan for Pagardewa Project

On 6 January 2005, the Company entered into a Pagardewa Trust Agreement (Trust Agreement) with HSBC Bank USA, N.A. (Pagardewa Trustee), that authorised the Trustee to borrow funds for the development of and related construction of gas field facilities in South Sumatera (Pagardewa Project), and to receive the revenue generated from sales transaction under the Crude Oil Sales and Purchase Agreement between the Company and Mitsubishi Corporation.

On 6 January 2005, HSBC Bank USA, N.A. (Pagardewa Trustee), entered into a loan agreement with Pagardewa Project Finance Ltd. (Tranche A Lender) and The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Calyon, ING Bank N.V., and Mizuho Corporate Bank, Ltd. (Tranche B Lenders) for a maximum principal amount of US$310,000,000.

This agreement was amended on 10 June 2008. Based on this amendment, all lenders agreed to reduce the applicable interest margin over LIBOR, and reduce the amount required to be accumulated in the Regular Reserve Account (Note 7). The final repayment of this loan was in March 2011.

b. Finance lease

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

Future lease payments as of 31 December 2011, 2010 and 2009 were as follows:

Year	2011	2010	2009
Payable not later than one year	1,086,610	1,226,963	635,169
Payable later than one year and not later than five years	2,649,398	2,651,367	2,664,947
Payable later than five years	1,587,876	1,424,700	1,157,853
Total	5,323,884	5,303,030	4,457,969
Less amounts representing interest	(1,025,748)	(1,298,651)	(1,301,428)
Net	**4,298,136**	**4,004,379**	**3,156,541**
Current portion	**(806,622)**	**(692,885)**	**(583,610)**
Non-current portion	**3,491,514**	**3,311,494**	**2,572,931**

(Expressed in millions of Rupiah, unless otherwise stated)

20. BONDS PAYABLES

	2011	2010	2009
Senior Notes - US$			
The Company:			
Issued in 2011 – I	9,068,000	-	-
Issued in 2011 – II	4,534,000	-	-
Total	13,602,000	-	-
Discount	(246,015)	-	-
Issuance cost	(75,899)	-	-
Amortisation of discount and issuance cost	11,014	-	-
Foreign exchange difference	(34)	-	-
Total bond payables - net	**13,291,066**	**-**	**-**
Current portion	**-**	**-**	**-**
Non-current portion	**13,291,066**	**-**	**-**

List of bonds payables:

	Principal US$	Issued price	Maturity date	Interest rate
Issued in 2011				
Due in 2021	1,000,000,000	98.097%	23 May 2021	5.25%
Due in 2041	500,000,000	98.380%	27 May 2041	6.50%
Total	**1,500,000,000**			

a) Issued in 2011 – I

On 16 May 2011, the Company issued Senior Notes amounting to US$1,000,000,000 with HSBC Bank USA, N.A. acting as the Trustee. The interest is payable semi-annually starting from 23 November 2011 until the maturity date of the Senior Notes.

b) Issued in 2011 – II

On 27 May 2011, the Company issued Senior Notes amounting to US$500,000,000 with HSBC Bank USA, N.A. acting as the Trustee. The interest is payable semi-annually starting from 27 November 2011 until the maturity date of the Senior Notes.

20. BONDS PAYABLES (continued)

As of 31 December 2011, these bonds payables are rated as Ba1 with a positive outlook by Moody's Investors Service and BB+ with a stable outlook by Standard and Poor's.

The indenture is governed that:

- No later than 30 days following the occurrence in an event in which the Government of Indonesia ceases to own, directly or indirectly, more than 50% of the voting securities of the Company (Change of Control Triggering Event), the Company may be required to make an offer to repurchase all Senior Notes outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The Senior Notes are subject to redemption in whole, at 100% of their principal amount, together with any accrued interest, at the option of the Company at a certain time in the event of certain changes affecting taxes of Indonesia.

- Certain covenants, including among others: repurchase of Notes upon a change of control, limitation of liens, limitation on sale and leaseback transaction and provision of financial statements and reports.

- The Company complies with the restrictions specified within the agreements with the acting Trustee.

- The proceeds from Senior Notes issuance were used to partially fund the capital expenditure requirements in acquisition of new blocks, development of existing blocks, rig purchase and tanker building.

21. PROVISION FOR EMPLOYEE BENEFITS

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

The Company received approval from the Minister of Finance of Republic of Indonesia in Decision Letter No. S-190/MK.6/1977 dated 15 July 1977 to establish a separate pension fund, PT Dana Pensiun Pertamina, from which all employees, after serving a qualifying period, are entitled to defined benefits upon retirement, disability or death

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

a.1. The Company

a.1.1. Post-employment benefits plans

(i) Defined Benefits Plan administered under the Pertamina Pension Plan

The Defined Benefits Plan (PPMP) covers all of the Company's permanent employees and is funded by the Company's and the employees' contributions. The Company's contributions are determined based on actuarial reports. The employees' contributions amount to 7.5% of Pensionable Earnings. The pension plan funds are managed separately by PT Dana Pensiun Pertamina.

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

a. Post-employment benefits plans and other long-term employee benefits (continued)

a.1. The Company (continued)

a.1.1. Post-employment benefits plans (continued)

(i) Defined Benefits Plan administered under the Pertamina Pension Plan (continued)

Based on the decree of the President Director No. Kpts-006/C00000/2009-S0 dated 12 January 2009, the annual Pensionable Salary increase is determined at 6% per annum based on Pensionable Salaries as of 31 December 2008. This change in policy became effective on 1 January 2009. Prior to this decree, the annual Pensionable Salary increase was determined based on actual Pensionable Salary of employees.

Based on “Putusan Akta Perdamaian” of the Industrial Relations Court, between the Company and Federasi Serikat Pekerja Pertamina Bersatu (FSPPB), dated 19 December 2011, the increase pensionable salary projection was determined at 9.5% per annum effective since 1 January 2009.

(ii) Post-retirement healthcare benefits

The Company operates post-employment medical benefit schemes. The post-retirement healthcare benefits involve the Company’s retired employees, their spouse and dependents from the date of the employees’ retirement until death. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes. These benefits are unfunded. In addition to the assumptions set out above, the main actuarial assumption is a long-term increase in health costs of 9% a year (2010: 9%; 2009: 0% for 2010 and 9% per annum for 2011 and thereafter).

(iii) Severance and service pay (PAP)

PAP benefits consist of additional benefit to employees which are entitled when they enter the pension period, and in the event of permanent disability, death, or voluntary resignation. The amounts for each of these benefits depend on the years of service completed in accordance with the calculation table previously determined by the Company. These benefits are unfunded.

90% of the total PAP amounts are paid when the employees attain 54 years and 9 months of age and the remaining balance is paid to the employees at 56 years of age.

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

a. Post-employment benefits plans and other long-term employee benefits (continued)

a.1. The Company (continued)

a.1.2. Other long-term employee benefits

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

Starting in 2010, employees who have reached the age of 55.5 years and completed a minimum of 15 years of service are eligible for six months of MPPK. Previously, the MPPK program was only provided to employees who were born prior to 1956 and who had completed a minimum of 15 years of service, as follows:
- Employees who were born in 1953 are eligible for a 9 (nine) month MPPK period;
- Employees who were born in 1954 are eligible for a 6 month MPPK period;
- Employees who were born in 1955 are eligible for a 3 month MPPK period.

a.1.3. Employees' saving plan

The Company and certain Subsidiaries (together Participants) operate an Employees' Saving Plan (TP) in the form of a defined contribution plan where all contributions made are managed by PT Pertamina Dana Ventura, a Subsidiary of the Company. Prior to April 2003, contributions were funded by the Participants at 10% of their employees' monthly basic salaries. According to the former Pertamina Entity's Board of Directors' Decision Letter No. 023/C00000/2003-S0 dated 28 April 2003, the employees' contributions were changed to 5% of their monthly basic salaries effective in April 2003.

In accordance with the Company's Board of Directors' Decision Letter No. Kpts-60/C00000/2008-S0 dated 11 November 2008, the employees will receive their mandatory periodic contributions and investment returns on such contributions when they are terminated or enter into their pension periods.

a.2. Subsidiaries

Several of the Company's Subsidiaries operate post-employment benefits plans and other long-term employee benefits arrangements, some of which are funded while others are unfunded. The contributions and benefits paid to employees are determined by the respective Subsidiaries.

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

b. Provision for employee benefits

The provision for employee benefits of the Company as of 31 December 2011, 2010 and 2009 were determined based on the valuation reports of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated 23 February 2012, 8 March 2011 and 5 November 2010, respectively.

The provision for employee benefits of the Subsidiaries were also determined by independent actuaries. The table below presents a summary of the employee benefits obligations reported in the consolidated statement of financial positions:

	2011	2010*	2009*
The Company:			
Pension and other post employment benefits:			
- PPMP	494,737	584,250	594,399
- Post-retirement healthcare benefits	20,393,662	20,522,191	20,500,278
- PAP	8,557,579	8,380,212	8,299,599
- Repatriation costs	262,226	249,513	239,122
Subtotal	29,708,204	29,736,166	29,633,398
Other long-term employee benefits:			
- MPPK	1,502,619	1,276,319	256,227
- Annual leave and services anniversary	176,849	112,756	106,099
Subtotal	1,679,468	1,389,075	362,326
Total - Company	**31,387,672**	**31,125,241**	**29,995,724**
Subsidiaries:			
Pension and other post-employment benefits:			
- PT Pertamina Hulu Energi and Subsidiaries	250,647	267,297	162,884
- PT Pertamina EP	215,858	177,993	157,404
- PT Tugu Pratama Indonesia and Subsidiaries	134,017	117,286	106,816
- PT Pertamina Bina Medika	115,994	81,690	71,578
- PT Pelita Air Service and Subsidiary	65,515	61,138	64,649
- PT Patra Jasa	32,434	33,183	35,575
- PT Patra Niaga and Subsidiaries	12,591	9,366	6,002
- PT Pertamina Trans Kontinental and Subsidiaries	15,009	6,156	3,178

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

b. Provision for employee benefits (continued)

	2011	2010*	2009*
Subsidiaries: (continued)			
- PT Pertamina Dana Ventura	10,598	3,819	3,464
- PT Pertamina Geothermal Energy	5,562	3,112	1,465
- PT Pertamina EP Cepu	5,217	1,311	1,251
- PT Pertamina Drilling Service Indonesia	4,033	3,160	998
- PT Pertamina Gas	2,947	1,479	-
- PT Pertamina Training & Consulting	2,668	205	-
- PT Usayana and Subsidiaries	-	18,446	10,231
- PT Nusantara Regas	-	4	-
Total - Subsidiaries	873,090	785,645	625,495
Total Consolidated	32,260,762	31,910,886	30,621,219

* As restated (refer to Note 4)

The details of the estimated post-employment benefits obligations and other long-term employment benefits for each of the programs operated by the Company as of 31 December 2011, 2010 and 2009 were as follows:

(i) Post-employment benefits obligations

31 December 2011:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Present value of the defined benefit obligations	8,642,801	15,981,439	12,572,452	200,498	37,397,190
Fair value of plan assets	(7,723,943)	-	-	-	(7,723,943)
Unfunded status	918,858	15,981,439	12,572,452	200,498	29,673,247
Unrecognised past service cost -non-vested	14,448	-	190,630	10,098	215,176
Unrecognised actuarial gains/(losses)	(438,569)	4,412,223	(4,205,503)	51,630	(180,219)
Total - Company	494,737	20,393,662	8,557,579	262,226	29,708,204

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

b. Provision for employee benefits (continued)

(i) Post-employment benefits obligations (continued)

31 December 2010:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Present value of the defined benefits obligations	7,194,806	10,207,416	10,466,641	177,842	28,046,705
Fair value of plan assets	(7,477,282)	-	-	-	(7,477,282)
Unfunded status	(282,476)	10,207,416	10,466,641	177,842	20,569,423
Unrecognised past service cost - non-vested	17,793	-	212,491	7,999	238,283
Unrecognised actuarial gains/(losses)	848,933	10,314,775	(2,298,920)	63,672	8,928,460
Total - Company	**584,250**	**20,522,191**	**8,380,212**	**249,513**	**29,736,166**

31 December 2009:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Present value of the defined benefits obligations	6,122,053	8,281,353	9,266,315	172,527	23,842,248
Fair value of plan assets	(6,562,184)	-	-	-	(6,562,184)
Unfunded status	(440,131)	8,281,353	9,266,315	172,527	17,280,064
Unrecognised past service cost - non-vested	21,137	-	180,606	5,900	207,643
Unrecognised actuarial gains/(losses)	1,013,393	12,218,925	(1,147,322)	60,695	12,145,691
Total - Company	**594,399**	**20,500,278**	**8,299,599**	**239,122**	**29,633,398**

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

b. Provision for employee benefits (continued)

(i) Post-employment benefits obligations (continued)

The movement in the fair value of plan assets of the year is as follows:

	2011	2010	2009
Beginning balance	7,477,282	6,562,184	5,128,036
Actual return on plan assets	749,537	1,275,987	1,676,697
Company's contributions	64,602	202,861	265,410
Employee contributions	26,054	27,490	29,291
Benefits paid	(593,532)	(591,240)	(537,250)
Ending balance	**7,723,943**	**7,477,282**	**6,562,184**

The composition of plan assets of PPMP at 31 December 2011 are 28% equity securities, 58% debt securities and 14% others; 31 December 2010: 29% equity securities, 60% debt securities and 11% others; and 31 December 2009: 22% equity securities, 54% debt securities and 24% others.

(ii) Other long-term employee benefits obligations

	MPPK	Annual leave and service anniversary	Total
Present value of employee benefits obligations – Company			
31 December 2011	1,502,619	176,849	1,679,468
31 December 2010	1,276,319	112,756	1,389,075
31 December 2009	256,227	106,099	362,326

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

c. Employee benefits expense

The Company recognised net employee benefits expense for the years ended 31 December 2011, 2010 and 2009 as follows:

	2011	2010	2009
Pension and other post-employment benefits:			
- PPMP	(24,911)	192,712	98,781
- Post-retirement healthcare benefits	229,524	343,941	(352,052)
- PAP	1,404,739	1,357,447	1,353,755
- Repatriation costs	22,800	23,234	21,603
Subtotal	1,632,152	1,917,334	1,122,087
Other long-term employee benefits:			
- MPPK	368,216	1,177,751	29,729
- Annual leave and services anniversary	110,064	8,014	54,044
Subtotal	478,280	1,185,765	83,773
Total - Company	**2,110,432**	**3,103,099**	**1,205,860**

Details of the net employee benefits expense for each of the post-employment benefits program and other long-term employment benefits provided by the Company for the years ended 31 December 2011, 2010 and 2009 were as follows:

(i) Post-employment benefits expense - net

For the year ended 31 December 2011:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Current service costs	58,043	63,815	513,780	11,293	646,931
Interest costs	653,876	952,672	806,786	13,293	2,426,627
Return on pension plan assets	(720,301)	-	-	-	(720,301)
Amortisation of unrecognised actuarial (gains)/loss	(13,185)	(786,963)	106,034	(3,886)	(698,000)
Amortisation of past service cost - non-vested	(3,344)	-	(21,861)	2,100	(23,105)
Total - Company	**(24,911)**	**229,524**	**1,404,739**	**22,800**	**1,632,152**

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

c. Employee benefits expense (continued)

(i) Post-employment benefits expense - net (continued)

For the year ended 31 December 2010:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Current service costs	45,341	31,544	419,141	9,387	505,413
Interest costs	641,448	892,947	885,834	15,801	2,436,030
Return on pension plan assets	(638,665)	-	-	-	(638,665)
Amortisation of unrecognised actuarial (gains)/loss	(48,595)	(1,062,574)	20,587	(4,052)	(1,094,634)
Amortisation of past service cost - non-vested	(3,345)	-	31,885	2,098	30,638
Recognition of past service cost - vested	196,528	-	-	-	196,528
Immediate adjustment	-	482,024	-	-	482,024
Total - Company	**192,712**	**343,941**	**1,357,447**	**23,234**	**1,917,334**

For the year ended 31 December 2009:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Current service costs	44,174	23,728	366,649	6,662	441,213
Interest costs	631,170	908,534	917,348	17,923	2,474,975
Return on pension plan assets	(550,597)	-	-	-	(550,597)
Amortisation of unrecognised actuarial gains	-	(1,284,314)	-	(4,141)	(1,288,455)
Amortisation of past service cost - non-vested	(3,274)	-	81,434	2,099	80,259
Immediate recognition of past service cost-vested	(22,692)	-	(11,676)	(940)	(35,308)
Total - Company	**98,781**	**(352,052)**	**1,353,755**	**21,603**	**1,122,087**

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

c. Employee benefits expense (continued)

(ii) Other long-term employment benefits expense - net

For the year ended 31 December 2011:

	MPPK	Annual leave and service anniversary	Total
Current service costs	66,402	73,951	140,353
Interest costs	95,514	5,825	101,339
Amortisation of unrecognised actuarial loss/(gain)	206,300	(19,613)	186,687
Immediate recognition of past service cost - vested	-	49,901	49,901
Total - Company	368,216	110,064	478,280

For the year ended 31 December 2010:

	MPPK	Annual leave and service anniversary	Total
Current service costs	36,831	66,450	103,281
Interest costs	14,422	6,620	21,042
Amortisation of unrecognised actuarial loss/(gain)	32,225	(65,056)	(32,831)
Immediate recognition of past service cost - vested	1,094,273	-	1,094,273
Total - Company	1,177,751	8,014	1,185,765

For the year ended 31 December 2009:

	MPPK	Annual leave and service anniversary	Total
Current service costs	8,731	62,746	71,477
Interest costs	32,009	9,354	41,363
Amortisation of unrecognised actuarial loss/(gain)	32,723	(8,809)	23,914
Immediate recognition of past service cost - vested	(43,734)	(9,247)	(52,981)
Total - Company	29,729	54,044	83,773

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

d. Changes in employee benefits obligations

Changes in the post-employment benefits obligations of the Company for the years ended 31 December 2011, 2010 and 2009 were as follows:

(i) Changes in post-employment benefits obligations

For the year ended 31 December 2011:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Beginning balance	584,250	20,522,191	8,380,212	249,513	29,736,166
Employee benefits expense, net	(24,911)	229,524	1,404,739	22,800	1,632,152
Payments	(64,602)	(358,053)	(1,227,372)	(10,087)	(1,660,114)
Ending balance - Company	**494,737**	**20,393,662**	**8,557,579**	**262,226**	**29,708,204**

For the year ended 31 December 2010:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Beginning balance	594,399	20,500,278	8,299,599	239,122	29,633,398
Employee benefits expense, net	192,712	343,941	1,357,447	23,234	1,917,334
Payments	(202,861)	(322,028)	(1,276,834)	(12,843)	(1,814,566)
Ending balance - Company	**584,250**	**20,522,191**	**8,380,212**	**249,513**	**29,736,166**

For the year ended 31 December 2009:

	PPMP	Post-retirement healthcare benefits	PAP	Repatriation costs	Total
Beginning balance	761,028	21,085,384	8,563,323	231,791	30,641,526
Employee benefits expense, net	98,781	(352,052)	1,353,755	21,603	1,122,087
Payments	(265,410)	(233,054)	(1,617,479)	(14,272)	(2,130,215)
Ending balance - Company	**594,399**	**20,500,278**	**8,299,599**	**239,122**	**29,633,398**

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

d. Changes in employee benefits obligations (continued)

(ii) Changes in other long-term employee benefits obligations

For the year ended 31 December 2011:

	MPPK	Annual leave and service anniversary	Total
Beginning balance	1,276,319	112,756	1,389,075
Employee benefits expense, net	368,216	110,064	478,280
Payments	(141,916)	(45,971)	(187,887)
Ending balance - Company	**1,502,619**	**176,849**	**1,679,468**

For the year ended 31 December 2010:

	MPPK	Annual leave and service anniversary	Total
Beginning balance	256,227	106,099	362,326
Employee benefits expense, net	1,177,751	8,014	1,185,765
Payments	(157,659)	(1,357)	(159,016)
Ending balance - Company	**1,276,319**	**112,756**	**1,389,075**

For the year ended 31 December 2009:

	MPPK	Annual leave and service anniversary	Total
Beginning balance	407,376	101,609	508,985
Employee benefits expense, net	29,729	54,044	83,773
Payments	(180,878)	(49,554)	(230,432)
Ending balance - Company	**256,227**	**106,099**	**362,326**

(Expressed in millions of Rupiah, unless otherwise stated)

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

e. Actuarial assumptions

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

	2011	2010	2009
Discount rate:			
- Mandiri Guna I Insurance Program, PAP, repatriation costs, MPPK, service anniversary	6.25% per annum	8% per annum	10% per annum
- Annual leave	5.25% per annum	6.5% per annum	8% per annum
- Defined benefits plan administered by Dana Pensiun Pertamina, post-retirement healthcare benefits	7.25% per annum	9.5% per annum	11% per annum
Return on plan assets:			
- Pension plan	10% per annum	10% per annum	10% per annum
Salary increases	9.5% per annum	9% per annum	9% per annum
Annual medical expense trend:	9% per annum afterward	9% per annum afterward	0% for 2010 and 9% per annum for 2011 and thereafter
Demographic factors:			
- Mortality:	Group Annuity Mortality 1971 (GAM 71)	Group Annuity Mortality1971 (GAM 71)	Group Annuity Mortality1971 (GAM 71)
- Disability:	0.75% of mortality rate	0.75% of mortality rate	0.75% of mortality rate
- Resignation:	1% at age 20 and linearly decreasing by 0.028% per annum until 55 years of age	1% at age 20 and linearly decreasing by 0.028% per annum until 55 years of age	1% at age 20 and linearly decreasing by 0.028% per annum until 55 years of age
- Pension:	100% at normal retirement age	100% at normal retirement age	100% at normal retirement age
Normal retirement age:	56 years	56 years	56 years
Operational costs of the pension plan:	8% of service cost and 3.5% of benefit payments	8% of service cost and 3.5% of benefit payments	8% of service cost and 3.5% of benefit payments

(Expressed in millions of Rupiah, unless otherwise stated)

22. PROVISION FOR DECOMMISSIONING AND SITE RESTORATION

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

	2011	2010	2009
Beginning balance	6,099,713	6,533,080	6,523,370
Addition during the year	1,408,519	56,481	251,082
Foreign exchange loss/(gain)	183,111	(225,339)	(945,903)
Revision	-	-	135,260
Accretion expense	625,525	426,449	569,271
Corrections (Notes 13 and 39)	(918,024)	(690,958)	-
Ending balance	7,398,844	6,099,713	6,533,080
Less: restricted deposit	(604,440)	(421,593)	(434,046)
	6,794,404	**5,678,120**	**6,099,034**

Correction in 2011 represents the changes in estimated timing and amounts of the cash outflows as well as the discount rate made by PT Pertamina EP which has resulted in the liabilities exceeding the carrying amount of assets, and therefore the excess has been recognised in the consolidated statements of comprehensive income.

Corrections in 2010 represent corrections on the prior years' ARO calculation.

Revision in 2009 represents the effect of changes in assumptions and rates in ARO calculations.

In accordance with BPMIGAS instructions PT Pertamina EP has deposited US$66,656,357 (2010: US$46,890,554; 2009: US$46,175,064) (full amount) to be used for decommissioning, site restoration and other related activities in a joint bank held by BPMIGAS and PT Pertamina EP. This account is recorded as an offset to the provision for decommissioning and site restoration, since such funds may only be used for this purpose with the approval of BPMIGAS or if they are transferred to BPMIGAS.

23. NON-CONTROLLING INTERESTS

	2011	2010*	2009*
- PT Tugu Pratama Indonesia and Subsidiaries	618,950	576,957	597,781
- PT Usayana and Subsidiaries	13,208	8,976	11,624
- PT Pertamina EP Cepu	13,013	6,501	4,460
- PT Pertamina EP	6,302	5,714	4,578
- PT Patra Niaga and Subsidiaries	4,806	3,985	2,908
- PT Pertamina Dana Ventura and Subsidiaries	810	-	-
- PT Pertamina Training & Consulting	26	26	300
- PT Pelita Air Service and Subsidiaries	11	-	
- PT Pertamina Trans Kontinental and Subsidiaries	10	10	10
	657,136	**602,169**	**621,661**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

24. SHARE CAPITAL

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

Based on the Minister of Finance's Decision Letter No. 454/KMK.06/2005 (KMK 454) dated 21 September 2005 on the Determination of the Company's Temporary Opening Balance Sheet as of 17 September 2003, the Government's capital contribution resulting from the transfer of assets and liabilities to the Company involved a net amount of Rp106,046,386.

Based on the Minister of Finance's decision letter No. 23/KMK.06/2008 dated 30 January 2008 regarding the Determination of the Opening Balance Sheet of PT Pertamina (Persero) as of 17 September 2003, the total amount of the Government's equity ownership in the Company is Rp82,569,779. This amount consists of all of the former Pertamina Entity's net assets and net liabilities excluding LNG plants operated by PT Badak Natural Gas Liquefaction and PT Arun Natural Gas Liquefaction, former upstream assets currently operated by PT Pertamina EP and certain land and building assets.

As of 31 December 2011, 2010 and 2009, the Company's issued and paid-up share capital position is as follows:

Shareholder	Number of issued and paid-up shares	Percentage of ownership	Issued and paid-up share capital
The Government of the Republic of Indonesia	82,569,779	100%	82,569,779

The changes in the Company's issued and paid-up share capital from Rp100,000,000 to Rp82,569,779 were approved at a General Shareholder's Meeting held on 15 June 2009 and are documented in Notarial Deed No. 11 of Lenny Janis Ishak, S.H. The amendment was documented by Notarial Deed No. 4 dated 14 July 2009 of Lenny Janis Ishak, S.H. and approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter No. AHU-45429.AH.01.02.tahun 2009 dated 14 September 2009. The reduction in the Company's issued and paid-up share capital is effective retrospectively as of 17 September 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

25. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS

i. Equity adjustments

This account comprises:

	2011	2010	2009
Deferred employee benefits costs	(25,216,501)	(25,216,501)	(25,216,501)
Provision for decommissioning and site restoration	(1,266,963)	(1,266,963)	(1,266,963)
Adjustment of revenue recognised by the former Pertamina Entity in relation to the Tengah PSC	(479,360)	(479,360)	(479,360)
Transfer of a BAE RJ-85 aircraft to the Secretary of State	(86,549)	(86,549)	(86,549)
Deferred tax in relation to the provision for decommissioning and site restoration	513,120	513,120	513,120
Adjustment to the liability for employee benefits	563,871	563,871	563,871
Deferred tax in relation to the liability for employee benefits	3,628,515	3,628,515	3,628,515
Total	**(22,343,867)**	**(22,343,867)**	**(22,343,867)**

The Company recognised the equity adjustments as follows:

a. Adjustment of provision for employee benefits and the related deferred tax adjustment

The cost associated with employee benefits obligations amounting to Rp25,216,501 was recognised in the Company's opening consolidated balance sheet as of 17 September 2003 as a deferred cost and was the subject of a qualification in the auditor's opinion on the Company's opening consolidated balance sheet as not being in accordance with the application of generally accepted accounting principles in Indonesia. The Company decided to reclassify the deferred employee benefits obligations cost as an adjustment to equity.

The adjustment to provision for employee benefits amounting to Rp563,871 as of 17 September 2003 is based on the report of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated 30 December 2008.

The Company recognised a deferred tax adjustment in relation to the above equity adjustment in the amount of Rp3,628,515.

25. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

i. Equity adjustments (continued)

b. Adjustment for provision for decommissioning and site restoration and the related deferred tax adjustment

The Company recognised the cost of restoration liabilities involving unused well assets and production facilities dating prior to the Company's establishment as an adjustment to equity.

The total equity adjustment recognised in the amount of Rp753,843 represents the effect of the recognition of the ARO liability for wells and related production facilities that had ceased operation before 17 September 2003 in the amount of Rp1,266,963, net of the related deferred tax adjustment of Rp513,120.

c. Transfer of a BAE RJ-85 aircraft to the Secretary of State

The Company recognised an equity adjustment in relation to the transfer of a Subsidiary's BAE RJ-85 aircraft for an amount of Rp86,549 to the Secretary of State, which had not been recognised in equity in the Company's opening consolidated balance sheet.

d. Adjustment for incorrect recognition of revenue from the Tengah PSC

The Company recognised an equity adjustment in respect of the inappropriate recognition of revenue in relation to the Tengah PSC by the former Pertamina Entity for the period from 1991 through 16 September 2003 of Rp479,360. Such amount represents a deferred income amount as at 16 September 2003.

ii. Aircraft Filling Depots (DPPUs) - DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan, DPPU Ngurah Rai and DPPU Pattimura

Based on Minutes of Operational Acceptance Certificates (MOACs) from the Department of Transportation, the Company obtained management and operation rights of DPPU assets at certain airports in Indonesia including: Soekarno Hatta-Jakarta (Phase 1 and Phase 2), Juanda-Surabaya, Ketaping-Padang, Sultan Mahmud Badaruddin II-Palembang, Sepinggan-Balikpapan and Ngurah Rai-Bali.

On 15 June 2010, the Minister of State-Owned Enterprises (BUMN) sent letter No. S-332/MBU/2010 to the Minister of Finance and the Minister of Transportation regarding Management of Fuel Supply System/DPPU assets at airports to the effect that such assets should be managed by a joint venture between PT Angkasa Pura I (Persero) and PT Angkasa Pura II (Persero) (together referred to as "the Angkasa Pura Entities") and the Company. Such assets are currently operated by the Company.

25. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

ii. Aircraft Filling Depots (DPPUs) - DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan, DPPU Ngurah Rai and DPPU Pattimura (continued)

Furthermore, the letter also stated that DPPU assets located in Soekarno Hatta and Juanda airports are owned by the Angkasa Pura Entities. Management of the Company disagreed with the position as per letter No. S-332/MBU/2010 and sent its objection and clarification through the President Director's letter No. 926/C00000/2010-S0 dated 23 August 2010 to the Minister of State-Owned Enterprises.

Based on the Minutes of the Meeting dated 27 July 2010 among the Company, the Ministry of Transportation and the Ministry of Finance, based on the Regulation of the Director General of the Treasury No. PER.10/PB/2007 dated 7 March 2007, the Company as the recipient of the DPPU assets should record those assets as Government Contributed Assets Pending Final Clarification of Status (GCAPFCS), as part of its equity account based on the value as stated in MOACs.

Management believes that management of the DPPU assets should be Pertamina's responsibility, based on Pertamina's role as the supplier of fuel products in Indonesia.

Based on the Board of Directors Approvals No. RRD-69/C00000/2010-S0 dated 31 August 2010 and No. 297/H00000/2010-S0 dated 16 November 2010, the Company recorded the DPPU assets in the 2009 consolidated financial statements in the amount of Rp558,890 as the Company's fixed assets with a corresponding credit to equity.

Based on Minutes of Reconciliation of Government's contributed assets No. BA-12/KN.3/REKON.BPYDS/2011 dated 10 February 2011 between the Company and Ministry of Transportation, it was agreed that DPPU assets at Soekarno Hatta airport belong to PT Angkasa Pura II (Persero) and DPPU assets at Pattimura airport belong to the Company. The Company increased its equity account - GCAPFCS by Rp7,713 to reflect these decisions, resulting in the balance of this account of Rp566,603 at 31 December 2010.

In 2011, there were foreign exchange correction amounting to Rp401 and correction based on BPKP review in its report No. LAP-919/D504/1/2011 dated 3 November 2011 for 3 (three) DPPUs i.e. Juanda, Ketaping and SMB II, to exclude VAT Component amounted to Rp39,928 and Withholding Tax article 23 amounted to Rp5,356 from previous MOACs which brought the balance of this account to Rp520,918.

Subsequent to balance sheet date, based on Government Regulation No. 13 Year 2012 dated 25 January 2012, the balance of this account was recognised as an addition on the Government's capital contribution to the Company in the amount of Rp520,918.

(Expressed in millions of Rupiah, unless otherwise stated)

26. DIVIDEND ADVANCES AND OTHERS

	2011	2010	2009
Dividend advances for the year:			
2010:			
Interim 2010	-	1,500,000	-
2009:			
Interim 2008	-	-	11,377,932
2008:			
Interim 2008	-	-	4,715,068
Interim 2007	-	-	9,390,865
2007:			
Interim 2007	-	-	1,616,104
Interim 2006	-	-	9,511,429
Overpayments of dividend for the year:			
2005	-	-	4,676,738
2004	-	-	5,160,398
2003	-	-	499,798
Subtotal	**-**	**1,500,000**	**46,948,332**
Partnership and Community Aid Program	-	-	463,369
Total	**-**	**1,500,000**	**47,411,701**

In 2010, the Company received a letter from the Minister of State-Owned Enterprises No. S-794/MBU/2009 dated 22 December 2010, declaring the interim dividend for 2010 in the amount of Rp1,500,000.

In 2009, the Company received a letter from the Minister of State-Owned Enterprises No. S-891/MBU/2009 dated 28 December 2009, declaring the interim dividend for 2008 in the amount of Rp16,093,000.

In 2010, the Company paid an interim dividend amounting to Rp9,508,899 to the Government from 2010 retained earnings amounting to Rp1,500,000, from 2009 retained earnings amounting to Rp7,103,456 (Note 27) and settlement of the remaining balances from 2008 interim dividends amounting to Rp905,443. The dividend advances during 2010 were paid by offseting against receivables for reimbursement of the costs subsidy for certain fuel (BBM) products amounting to Rp4,716,670 (Note 9a), receivables from PLN (electricity subsidy) amounting to Rp2,362,593 and reimbursement of the costs subsidy for LPG 3 kg cylinders in the amount of Rp2,429,636 (Note 9d).

In 2009, the Company paid an interim dividend amounting to Rp10,472,489 to the Government from 2008 retained earnings. The dividend advances during 2009 were paid in cash in the amount of Rp6,132,035, by way of offset against receivables for reimbursement of the costs subsidy for certain fuel (BBM) products in the amount of Rp3,434,875 (Note 9a), and by way of offset against reimbursement of the costs subsidy for LPG 3 kg cylinders in the amount of Rp905,579 (Note 9d). The remaining balance of the interim dividend amounting to Rp905,443 (Note 17) was settled by way of offset against receivables from PT PLN on 18 October 2010.

26. DIVIDEND ADVANCES AND OTHERS (continued)

On 17 May 2010, the Company held an Extraordinary Shareholder's General Meeting (ESM) in which the shareholder decided that the utilisation of the Company's net income for 2006 and 2007 will be determined separately by the Minister of State-Owned Enterprises on behalf of the Shareholder's General Meeting. The Minister of State-Owned Enterprises through Decision Letter No. S-305/MBU/2010 dated 27 May 2010, regarding the utilisation of the Company's net income for 2006 and 2007, approved dividends of Rp19,848,350 for 2006 and Rp11,006,970 for 2007 (Note 27). These dividend amounts were offset against the 2006 and 2007 interim dividend payments and the overpayments of dividends amounting to Rp10,336,934 from previous years.

On 18 August 2010, the Company held an ESM for the year 2008 in which the shareholder decided on the dividend distribution of Rp16,093,000 (Note 27). These dividend amounts were offset against the 2008 interim dividend payments.

On 31 December 2010, the Company held an ESM for the year 2009 in which the shareholder decided on the dividend distribution of Rp7,103,456 (Note 27). These dividend amounts were offset against the 2009 interim dividend payments.

27. RETAINED EARNINGS

Extraordinary Shareholder's Meetings (ESMs)

I. ESM for the year 2010

On 14 June 2011, the Company held an ESM for the year 2010. Based on the minutes of meeting, the shareholder approved, among others, the following actions:

Utilisation of 2010 net income of the Company amounting to Rp16,775,554:

- Distribution of a dividend of Rp7,123,104 including paid dividend amounting to Rp1,500,000.
- Allocation of Rp167,757 to a Partnership Development Program.
- Allocation of Rp251,633 to a Community Development Program.
- Allocation of Rp9,233,062 to a general reserve consisting of a compulsory reserve of Rp838,778 and to other reserves of Rp8,394,284.
- Allocation of the tantiem (bonus) for the members of the Boards of Directors and Commissioners.

27. RETAINED EARNINGS (continued)

Extraordinary Shareholder's Meetings (ESMs) (continued)

II. ESM for the year 2009

On 31 December 2010, the Company held an ESM for the year 2009. Based on the minutes of meeting, the shareholder approved, among others, the following actions:

Utilisation of 2009 net income of the Company amounting to Rp15,796,926:

- Distribution of a dividend of Rp7,103,456 (Note 26).
- Allocation of Rp150,000 to a Partnership Development Program.
- Allocation of Rp150,000 to a Community Development Program.
- Allocation of Rp8,393,470 to a general reserve consisting of a compulsory reserve of Rp789,846 and to other reserves of Rp7,603,624.
- Allocation of the tantiem (bonus) for the members of the Boards of Directors and Commissioners.

III. ESM for the year 2008

On 18 August 2010, the Company held an ESM for the year 2008. Based on the minutes of meeting, the shareholder approved, among others, the following actions:

Utilisation of 2008 net income of the Company amounting to Rp19,771,113:

- Distribution of a dividend of Rp16,093,000 (Note 26).
- Allocation of Rp138,473 to a Partnership Development Program.
- Allocation of Rp3,539,640 to a general reserve consisting of a compulsory reserve of Rp988,556 and to other reserves of Rp2,551,084.
- Allocation of the tantiem (bonus) for the members of the Boards of Directors and Commissioners.

IV. ESMs for years 2006 and 2007

On 17 May 2010, the Company held ESMs for the years 2006 and 2007. Based on the minutes of meetings, the shareholder approved, among others, the following actions:

- Distribution of a dividend determined separately through a Minister of State-Owned Enterprises letter.
- Allocation of the tantiem (bonus) for the members of the Boards of Directors and Commissioners.

Based on the Minister of State-Owned Enterprises' letter No. S-305/MBU/2010 dated 27 May 2010, the following actions were approved:

i. Utilisation of 2006 net income of the Company amounting to Rp21,158,878:
    - Distribution of a dividend of Rp19,848,350 (Note 26).
    - Allocation of Rp85,800 to a Community Development Program.
    - Allocation of Rp1,224,728 to a general reserve consisting of a compulsory reserve of Rp1,057,940 and to other reserves of Rp166,788.

(Expressed in millions of Rupiah, unless otherwise stated)

27. RETAINED EARNINGS (continued)

Extraordinary Shareholder's Meetings (ESMs) (continued)

IV. ESMs for years 2006 and 2007 (continued)

ii. Utilisation of net income for 2007 of the Company amounting to Rp17,223,069:
- Distribution of a dividend of Rp11,006,970 (Note 26).
- Allocation of Rp92,100 to a Partnership Development Program.
- Allocation of Rp147,000 to a Community Development Program.
- Allocation of Rp5,976,999 to a general reserve consisting of a compulsory reserve of Rp861,150 and to other reserves of Rp5,115,849.

V. ESMs for years 2003, 2004 and 2005

On 19 October 2009, the Company held ESMs for the years 2003, 2004 and 2005 as documented in Notarial Deeds No. 24-26 dated 19 October 2009 of Lenny Janis Ishak, S.H., whereby the shareholder approved, amongst others, the following actions:

i. The net loss for the period from 17 September 2003 (inception date) until 31 December 2003 of Rp3,090,057 was accepted. Accordingly, no dividend was declared and no amounts were approved for transfer to a general reserve.

ii. Utilisation of the Company's net income for 2004 of Rp8,152,568 net of accumulated losses of Rp3,090,057 for the period ended 31 December 2003:
- Distribution of a dividend of Rp2,531,255 (Note 26).
- Allocation of Rp2,531,255 to a general reserve consisting of a compulsory reserve of Rp50,625 and other reserves of Rp2,480,630.

iii. Utilisation of the Company's net income for 2005 of Rp7,103,360:
- Distribution of a dividend of Rp3,551,680 (Note 26).
- Allocation of Rp102,356 to a Partnership Development Program.
- Allocation of Rp34,119 to a Community Development Program.
- Allocation of Rp3,415,205 to a general reserve consisting of a compulsory reserve of Rp71,034 and to other reserves of Rp3,344,171.

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

	2011	2010*	2009*
Natural gas	13,111,280	12,987,928	13,615,916
DMO fees - crude oil	8,232,927	7,078,918	4,989,146
Geothermal energy - steam and electricity	4,687,010	4,222,940	4,276,638
Crude oil	2,732,856	1,340,464	1,855,527

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

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

	2011	2010*	2009*
Oil products:			
Automotive Diesel Oil (ADO)	164,981,557	122,304,629	106,266,309
Premium gasoline	97,017,624	86,930,223	80,826,709
LPG, petrochemicals, lubricants and others	37,456,372	29,632,917	29,968,339
Avtur and Avigas	28,337,342	19,590,756	15,442,416
Industrial/Marine Fuel Oil (IFO/MFO)	21,956,955	16,333,308	16,144,523
Kerosene	6,060,174	8,103,582	11,639,048
Pertamax, PertamaxPlus (gasoline) and Pertadex (diesel)	4,815,219	4,378,948	2,974,723
Industrial Diesel Oil (IDO)	256,306	365,234	506,528
Others	1,035,677	323,348	2,649,439
	390,681,299	313,593,195	291,155,261

* As restated (refer to Note 4)

29. SUBSIDY REIMBURSEMENTS FROM THE GOVERNMENT

	2011	2010	2009
Current year:			
Net amount of reimbursements of costs subsidy for certain BBM products (Note 9a)	135,284,650	60,960,346	37,106,393
Total reimbursement of costs subsidy for LPG 3 kg cylinders (Note 9d)	21,199,555	14,936,020	7,780,783
	156,484,205	75,896,366	44,887,176
Correction from BPK for reimbursements of cost subsidy of certain BBM products for the year 2010 and 2009 (Note 9a)	44,946	-	(33,134)
Correction from BPK for reimbursements of cost subsidy LPG 3 kg cylinders for the year 2010 (Note 9d)	(9,351)	-	-
Correction from BPK for reimbursements of cost subsidy LPG 3 kg cylinders for the year 2007 - 2009 (Note 9d)	-	79,812	-
Excess reimbursement of cost subsidy for certain BBM products	-	-	(2,172,955)
Corrections by the BPK for 2003-2005	-	-	(1,315,031)
	156,519,800	75,976,178	41,366,056

(Expressed in millions of Rupiah, unless otherwise stated)

30. EXPORT OF CRUDE OIL AND OIL PRODUCTS

	2011	2010*	2009*
Crude oil	3,533,747	9,255,003	5,021,833
Oil products	34,349,764	29,214,923	23,939,350
	37,883,511	**38,469,926**	**28,961,183**

* As restated (refer to Note 4)

31. REVENUES IN RELATION TO OTHER OPERATING ACTIVITIES

	2011	2010	2009*
Natural gas transportation services	770,758	692,788	372,777
Shipping services	627,235	337,177	235,115
Health and hospital services	542,359	373,530	395,683
Technical and transportation services	496,029	284,623	156,565
Air transportation services	432,343	409,386	463,729
Portfolio management services	252,132	127,051	140,810
Office and hospitality services	165,612	178,440	163,222
Insurance services	24,813	82,410	118,799
Drilling services	17,509	155,749	272,642
Others	27,004	2,172	136,146
	3,355,794	**2,643,326**	**2,455,488**

* As restated (refer to Note 4)

32. COST OF GOODS SOLD

	2011	2010*	2009*
Beginning balance of oil products	38,048,042	33,602,421	35,282,946
Provision for decline in value of inventory of oil products (Note 10)	(185,895)	(147,342)	(7,357,902)
	37,862,147	33,455,079	27,925,044

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

32. COST OF GOODS SOLD (continued)

	2011	2010*	2009*
Production costs:			
- Direct materials	251,101,047	193,487,992	182,553,916
- Supporting materials	10,920,709	11,231,051	8,495,315
- Utilities, infrastructure and fuel	4,352,791	4,145,977	2,246,045
- Resale commodities cost	3,622,079	2,774,763	1,974,166
- Direct labour cost	3,663,341	3,708,622	2,607,446
- Rent	3,582,254	3,403,167	3,755,097
- Depreciation, depletion and amortisation (Note 12)	2,805,380	2,468,494	2,328,014
- Materials and equipment	1,849,356	1,009,705	994,581
- Maintenance and repairs	835,296	1,212,406	951,219
- Professional services	695,690	607,671	688,611
- Freight and transportation	576,466	385,633	375,406
- Business travel	212,533	206,673	183,854
- Tax, retribution and penalties	75,749	142,138	411,918
- Permits, licences and royalties	47,574	34,233	48,150
- Other overheads	373,912	291,835	439,262
	284,714,177	225,110,360	208,053,000
Purchases of oil products and others:			
- Imports of premium gasoline	102,770,042	70,988,046	51,190,752
- Imports of Automotive Diesel Oil (ADO)	70,120,027	43,412,474	27,466,361
- Imports of other oil products	24,887,789	12,587,561	8,393,765
- Imports of industrial/marine fuel oil (IFO/MFO)	5,019,438	1,613,617	7,025,383
- Imports of kerosene	-	-	361,171
- Domestic purchases of other oil products	18,606,510	15,011,927	5,083,090
	221,403,806	143,613,625	99,520,522
Purchases of geothermal energy	2,965,261	2,857,908	3,026,888
Ending balance of oil products	(45,203,058)	(38,048,042)	(33,602,421)
Provision for decline in value of inventory of oil products (Note 10)	188,102	185,895	147,342
	(45,014,956)	(37,862,147)	(33,455,079)
	501,930,435	367,174,825	305,070,375

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

33. UPSTREAM PRODUCTION AND LIFTING COSTS

	2011	2010	2009*
Contracts	6,702,006	2,747,379	1,635,459
Partners	4,296,309	4,469,929	4,025,736
Depreciation, depletion and amortisation (Notes 13 and 14)	3,259,692	3,997,592	2,734,413
Materials	1,756,150	3,052,189	1,862,204
Salaries	1,136,086	1,261,713	1,180,986
Others (each below Rp100,000)	316,503	611,129	975,805
	17,466,746	16,139,931	12,414,603

* As restated (refer to Note 4)

34. EXPLORATION COSTS

	2011	2010	2009
Seismic, geological and geophysical	700,889	308,365	921,623
Indonesian Participation/Pertamina Participating Interests	626,058	558,716	224,029
Dry holes	355,837	368,084	596,626
Others (each below Rp100,000)	87,892	120,581	235,920
	1,770,676	1,355,746	1,978,198

35. EXPENSES IN RELATION TO OTHER OPERATING ACTIVITIES

	2011	2010	2009*
Cost of goods sold	2,593,170	2,083,531	1,608,999
Transportation and sub-contractor services	1,149,341	783,228	306,354
Salaries, wages and other employee benefits	649,330	646,236	280,667
Depreciation (Note 12)	395,391	197,508	175,950
Insurance claims	186,345	229,811	160,917
Others (each below Rp100,000)	-	2,873	87,371
	4,973,577	3,943,187	2,620,258

* As reclassified (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

36. SELLING AND MARKETING EXPENSES

	2011	2010*	2009*
Salaries, wages and other employee benefits	1,707,191	1,601,840	1,171,233
Freight and transportation	1,598,254	1,299,604	1,489,164
Depreciation (Note 12)	1,325,864	1,015,331	859,851
Professional services	528,057	389,097	373,542
Maintenance and repairs	486,557	309,783	251,744
Materials and equipment	324,599	175,901	108,785
Advertising and promotion	324,375	313,751	317,100
Utilities, infrastructure and fuel	202,325	165,309	156,281
Business travel	162,683	136,328	141,670
Rent	100,773	183,238	201,053
Others (each below Rp100,000)	91,895	48,076	41,736
	6,852,573	5,638,258	5,112,159

* As restated (refer to Note 4)

37. GENERAL AND ADMINISTRATION EXPENSES

	2011	2010*	2009*
Salaries, wages and other employee benefits	3,908,524	3,826,663	2,640,563
Taxes, retributions and penalties	1,297,765	621,518	972,392
Professional services	705,301	1,830,294	2,731,125
Maintenance and repairs	386,185	413,593	456,828
Rent	361,022	625,911	331,541
Materials and equipment	274,828	257,630	297,875
Depreciation, depletion and amortisation (Notes 11, 12 and 13)	265,112	468,896	612,583
Business travel	237,553	122,752	185,877
Training, education and recruitment	216,102	217,199	146,393
IT and telecommunication expense	193,290	94,302	87,087
Certification, donation and membership expense	147,236	227,367	96,419
Utilities, infrastructure and fuel expense	139,251	54,378	26,519
Others (each below Rp100,000)	476,350	1,174,397	1,826,581
	8,608,519	9,934,900	10,411,783

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

38. FINANCE INCOME/(COST) - NET

	2011	2010*	2009*
Finance income:			
Current accounts	389,160	113,773	98,152
Deposits with maturities of 3 (three) months or less	270,636	302,340	483,656
Medium Term Notes (Note 11)	251,259	345,729	566,553
Short-term investments	123,731	52,243	184,984
	1,034,786	814,085	1,333,345
Finance costs:			
Short-term loans	(362,964)	(289,537)	(352,820)
Long-term loans	(440,338)	(702,198)	(213,095)
Bonds	(472,600)	-	-
Accretion (Note 22)	(625,525)	(426,449)	(569,271)
Finance lease	(635,931)	(1,097,005)	(801,367)
Others (each below Rp100,000)	(8,386)	(117,214)	(66,460)
	(2,545,744)	(2,632,403)	(2,003,013)

* As restated (refer to Note 4)

39. OTHER INCOME/(EXPENSE) - NET

	2011	2010*	2009*
Correction in estimated decommissioning and site restoration costs (Notes 13 and 22)	918,024	1,064,284	-
Docking services	469,657	288,478	432,503
Management fee	255,862	156,208	372,522
Contract and materials penalties and claims	235,436	175,037	310,986
Audit correction of BPKP for state revenue involving income and taxes in relation to upstream activities 2003-2007	195,032	-	-
Rental income	168,772	143,706	130,052
Suppliers and equipment	168,439	138,557	121,261
Join operations (KSO) revenue	97,263	115,645	220,704
Gain/(loss) on disposal of fixed asset	81,976	35,197	(388,568)
Reversal of provision/(provision) for impairment of fixed asset (Note 12)	47,730	(578,575)	-
Gain/(loss) on disposal of long term investments	4,562	11,243	(95,682)
Collection fees for tax on vehicle fuel (PBBKB) services	7,028	3,228	135,759
Underpayment of VAT retention 2002	(1,102,177)	-	-
Underpayment of VAT 2007-2009	(1,118,964)	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

39. OTHER INCOME/(EXPENSE) - NET (continued)

	2011	2010*	2009*
Provision for overpayment of Corporate Income Tax 2008	-	(295,017)	-
Provision for impairment on long-term investments	-	(190,163)	-
Signature bonuses	-	-	(156,162)
Provision for unspent capital contract expenditures	-	-	(411,775)
Others (each below Rp 100,000)	561,261	464,840	(191,037)
	989,901	1,532,668	480,563

* As restated (refer to Note 4)

40. TAXATION

a. Prepaid taxes

	2011	2010*	2009*
The Company:			
Refundable corporate income tax:			
- 2003	40,441	40,441	40,441
- 2004	397,837	397,837	397,837
- 2005	1,728,794	1,728,794	1,728,794
- 2007	2,276,555	1,109,670	1,109,670
- 2008	3,685,347	4,272,038	6,947,247
- 2009	4,496,093	4,496,093	4,496,093
- 2010	3,387,274	3,387,274	-
- 2011	3,244,007	-	-
Prepaid tax to appeal on tax assesment	-	474,848	474,848
Other taxes	11,140	11,140	11,140
Total - Company	19,267,488	15,918,135	15,206,070
Subsidiaries:			
Reimbursable VAT	1,657,326	1,867,151	1,805,070
VAT	1,233,642	1,102,198	280,187
Other taxes	389,764	252,663	191,754
Total - Subsidiaries	3,280,732	3,222,012	2,277,011
	22,548,220	**19,140,147**	**17,483,081**
Current portion	**(2,796,617)**	**(2,463,730)**	**(1,483,298)**
Non-current portion	**19,751,603**	**16,676,417**	**15,999,783**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

a. Prepaid taxes (continued)

Details of reimbursable VAT are as follows:

	2011	2010	2009
VAT reimbursable by BPMIGAS:			
- PT Pertamina EP	1,142,397	1,425,800	1,461,436
- PT Pertamina EP Cepu	39,275	113,549	95,573
Subtotal	1,181,672	1,539,349	1,557,009
Provision for reimbursable VAT	(4,891)	(58,521)	(32,348)
Subtotal	1,176,781	1,480,828	1,524,661
VAT reimbursable by the Directorate General of Budgeting and Finance Stability:			
- PT Pertamina Geothermal Energy	480,545	386,323	280,409
Total	**1,657,326**	**1,867,151**	**1,805,070**

The movement in the provision for reimbursable VAT is as follows:

	2011	2010	2009
Beginning balance	58,521	32,348	29,943
(Reversal)/addition of provision during the year	(53,630)	26,173	2,405
Ending balance	**4,891**	**58,521**	**32,348**

Management believes that the provision for reimbursable VAT as of 31 December 2011, 2010 and 2009 were adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

b. Taxes payable

	2011	2010*	2009*
The Company:			
Income taxes:			
- Income taxes - Article 4 (2)	4,292	2,505	9,910
- Income taxes - Article 15	7,053	9,505	14,654
- Income taxes - Article 21	87,385	77,928	109,841
- Income taxes - Article 22	78,193	81,423	99,615
- Income taxes - Article 23	16,270	13,539	25,484
- Income taxes - Article 26	380	10,653	1,596
VAT - net	1,237,560	602,001	381,192
Other taxes	1,029,743	945,863	790,299
Total - Company	2,460,876	1,743,417	1,432,591
Subsidiaries:			
PT Pertamina EP			
Income taxes and tax on dividends:			
- 2005	333,569	330,736	345,781
- 2006	587,974	582,981	609,501
- 2007	84,240	83,524	87,324
- 2008	158,271	156,927	164,065
- 2009	(92,203)	(91,420)	521,825
- 2010	(16,931)	2,179,703	-
- 2011	1,009,959	-	-
Other taxes	200,381	185,280	220,191
	2,265,260	3,427,731	1,948,687
PT Pertamina Hulu Energi			
Income tax and tax on dividends:			
- 2009	-	-	746,247
- 2010	-	597,617	-
- 2011	976,061	-	-
Other taxes	66,711	5,567	1,214
	1,042,772	603,184	747,461
Subsidiaries - others:			
Corporate income tax	208,085	63,559	99,813
VAT	68,844	239,218	173,352
Other taxes	201,625	229,639	160,286
	478,554	532,416	433,451
Total - Subsidiaries	3,786,586	4,563,331	3,129,599
Total - Consolidated	**6,247,462**	**6,306,748**	**4,562,190**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

c. Income tax expense

	2011	2010*	2009*
The Company:			
- Current tax	2,014,978	328,073	-
- Deferred tax	(1,585,397)	327,083	2,363,415
	429,581	655,156	2,363,415
Subsidiaries:			
- Current tax	15,220,210	11,255,470	9,008,916
- Deferred tax	2,997,448	1,621,270	695,083
	18,217,658	12,876,740	9,703,999
Consolidation:			
- Deferred tax	(247,340)	(391,288)	(247,771)
Total:			
- Current tax	17,235,188	11,583,543	9,008,916
- Deferred tax	1,164,711	1,557,065	2,810,727
	18,399,899	**13,140,608**	**11,819,643**

* As restated (refer to Note 4)

The reconciliation between income tax expense and the theoretical tax amount on the Company's profit before income tax is as follows:

	2011	2010*	2009*
Consolidated profit before income tax expense	38,925,582	29,925,747	27,907,744
Add/(deduct):			
Consolidation eliminations	(59,558,783)	(43,038,456)	(31,330,492)
Profit before income tax - Subsidiaries	41,534,335	30,543,420	21,302,364
Profit before income tax - the Company	**20,901,134**	**17,430,711**	**17,879,616**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

c. Income tax expense (continued)

	2011	2010*	2009*
Income tax at 25% (2009: 28%)	5,225,283	4,357,678	5,006,292
Non-deductible expenses	862,080	498,140	365,261
Non-tax deductible fixed assets depreciation	11,629	51,503	49,002
(Reversal of provision)/provision for post-retirement healthcare benefits	(32,179)	5,478	(163,830)
Income from Subsidiaries and associates	(5,414,996)	(3,878,381)	(2,788,851)
Interest income subject to final tax	(195,075)	(149,181)	(195,669)
Other income subject to final tax (PNBP 2007 correction)	(27,161)	-	-
Adjustment related to change in tax rate	-	-	(243,451)
(Recognition)/reversal of previously unrecognised deferred tax assets	-	(230,081)	334,661
Corporate income tax expense - the Company	429,581	655,156	2,363,415
Corporate income tax expense - Subsidiaries	18,217,658	12,876,740	9,703,999
Corporate income tax expense - consolidated transactions	(247,340)	(391,288)	(247,771)
Consolidated corporate income tax expense	**18,399,899**	**13,140,608**	**11,819,643**

d. Current tax expense

Current income tax computations are based on estimated taxable income. The amounts may be adjusted when annual tax returns are filed to the Directorate General of Tax (DGT).

The calculation of current corporate income tax expense is as follows:

	2011	2010*	2009*
Consolidated profit before income tax expense	38,925,582	29,925,747	27,907,744
Add/(deduct):			
Consolidation eliminations	(59,558,783)	(43,038,456)	(31,330,492)
Profit before income tax - Subsidiaries	41,534,335	30,543,420	21,302,364
Profit before income tax - the Company	**20,901,134**	**17,430,711**	**17,879,616**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

d. Current tax expense (continued)

	2011	2010*	2009*
Income tax at 25% (2009: 28%)	5,225,283	4,357,678	5,006,292
Non-deductible expenses	862,080	498,140	365,261
Non-tax deductible fixed assets depreciation	11,629	51,503	49,002
(Reversal of provision)/provision for post-retirement healthcare benefits	(32,179)	5,478	(163,830)
Income from Subsidiaries and associates	(5,414,996)	(3,878,381)	(2,788,851)
Interest income subject to final tax	(195,075)	(149,181)	(195,669)
Other income subject to final tax (PNBP 2007 correction)	(27,161)	-	-
Temporary difference:			
Provision/(reversal of provision) for impairment of financial assets	1,536,551	294,102	(25,505)
Provision/(reversal of provision) for employee benefits	66,458	248,074	(187,352)
Provision/(reversal of provision) for incentives and performance bonuses (tantiem)	31,901	221,720	(81,892)
Increase/(decrease) in accrued legal costs	752	11,059	(14,570)
Fixed assets depreciation	(38,098)	(356,702)	(238,392)
Provision/(reversal of provision) for decline in value of inventories	66,264	(41,698)	(2,755,228)
Finance lease assets and liabilities	(4,680)	(4,030)	(11,808)
(Decrease)/increase of non-capitalised assets	(15)	(720)	2,097
Unamortised discount and debt issuance cost	(73,736)	-	-
(Utilisation)/recognition of fiscal losses	-	(928,969)	1,040,445
Current corporate income tax expense - the Company	2,014,978	328,073	-
Current corporate income tax expense - Subsidiaries	15,220,210	11,255,470	9,008,916
Consolidated current corporate income tax expenses	17,235,188	11,583,543	9,008,916
Tax liability from restructuring transactions between entities under common controls	-	1,058,400	-
Less: prepaid taxes			
- The Company	(5,258,985)	(4,773,747)	(4,496,093)
- Subsidiaries	(15,220,210)	(11,255,470)	(9,008,916)
Overpayment of corporate income tax - the Company	**(3,244,007)**	**(3,387,274)**	**(4,496,093)**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax

The details of deferred tax assets and liabilities as of 31 December 2011, 2010 and 2009 were as follows:

	2011	2010*	2009*
Deferred tax assets			
The Company:			
Provision for employee benefits	2,572,224	2,505,766	2,257,692
Provision for impairment of financial assets	2,112,690	576,139	138,103
Capital contribution in the form of assets	928,919	928,919	-
Fixed assets	530,733	568,831	694,150
Provision for bonuses and incentives	404,869	372,968	151,248
Provision for impairment of Non-Free and Non-Clear assets	261,659	261,674	293,078
Provision for decline in value of inventories	132,873	66,609	108,307
Other liabilities	116,736	115,984	89,996
Finance lease assets and related liabilities	(25,373)	(20,693)	(16,663)
Tax loss carry forward	-	-	928,969
Unamortised discount and debt issuance cost	(73,736)	-	-
	6,961,594	5,376,197	4,644,880
Deferred tax assets at the beginning of the year	5,376,197	4,644,880	7,008,295
Charged to equity	-	1,058,400	-
Credited/(charged) to consolidated statement of comprehensive income	1,585,397	(327,083)	(2,363,415)
Deferred tax assets at the end of the year	**6,961,594**	**5,376,197**	**4,644,880**
Subsidiaries:			
Fixed assets	331,226	39,664	(16,257)
Provision for employee benefits	113,688	95,546	104,257
Deferred revenue	82,422	316,452	658,968
Provision for impairment	45,756	40,309	41,920
Tax loss carry forward	3,508	30,177	43,170
Provision for bonuses and incentives	1,345	(4,197)	2,629
Provision for decommissioning and site restoration	1,160	2,998	2,821
Unrecovered cost	-	604,518	709,973
Oil and gas properties	(7,513)	(439,253)	(335,559)
Others	1,774	66,356	157,468
	573,366	752,570	1,369,390

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax (continued)

	2011	2010*	2009*
Deferred tax assets at the beginning of the year	752,570	1,369,390	1,215,893
Translation adjustments	-	(91,450)	-
(Charged)/credited to consolidated statement of comprehensive income	(179,204)	(525,370)	153,497
Deferred tax assets at the end of the year	**573,366**	**752,570**	**1,369,390**
Transaction on consolidation			
Unrealised profits from consolidation transaction level	922,628	675,288	284,000
Deferred tax assets at the beginning of the year	675,288	284,000	36,229
Credited to consolidated statement of comprehensive income	247,340	391,288	247,771
Deferred tax assets at the end of the year	**922,628**	**675,288**	**284,000**
Total deferred tax assets - consolidated - net	**8,457,588**	**6,804,055**	**6,298,270**
Consolidation			
Deferred tax assets at the beginning of the year	6,804,055	6,298,270	8,260,417
Charged to equity	-	1,058,400	-
Translation adjustments	-	(91,450)	-
Credited/(charged) to consolidated statement of comprehensive income	1,653,533	(461,165)	(1,962,147)
Deferred tax assets at the end of the year	**8,457,588**	**6,804,055**	**6,298,270**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax (continued)

	2011	2010*	2009*
Deferred tax liabilities			
Subsidiaries:			
Provision for decommissioning and site restoration	2,609,956	2,229,956	2,406,724
Finance lease assets and related liabilities	1,834,548	1,785,733	1,755,896
Provision for employee benefits	364,283	334,074	345,293
Deferred revenue	284,506	332,990	361,778
Provision for impairment	27,884	12,889	-
Non-capitalised assets	(136,838)	(99,631)	(108,854)
Excess fair value over NBV	(507,505)	(588,205)	(767,766)
Fixed assets	(2,753,961)	(2,103,604)	(1,538,414)
Oil and gas properties	(10,379,977)	(7,662,348)	(7,081,803)
Others	2,442	(16,075)	84,551
Total deferred tax liabilities - consolidated - net	**(8,654,662)**	**(5,774,221)**	**(4,542,595)**
Deferred tax liabilities at the beginning of the year	(5,774,221)	(4,542,595)	(2,504,910)
Charged to goodwill due to acquisition	-	(54,143)	(1,268,084)
Translation adjustments	(62,197)	(81,583)	78,979
Charged to consolidated statement of comprehensive income	(2,818,244)	(1,095,900)	(848,580)
Deferred tax liabilities at the end of the year	**(8,654,662)**	**(5,774,221)**	**(4,542,595)**

* As restated (refer to Note 4)

f. Administration

The Group calculates and pays their tax obligations separately. Based on the most recent amendments of the Income Tax Law effective on 1 January 2008, the Directorate General of Tax may decide and amend tax liabilities within a period of 5 (five) years from the date taxes payable become due.

Under the transitional regulation, taxes for fiscal years prior to 2008 may be assessed by the Tax Authorities for the earlier of 10 (ten) years and up to 31 December 2013.

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

g. Tax assessment letters

The Company

Number and issue date of assessment letter	Fiscal year	Type of taxes	Underpayment/ overpayment or fiscal loss	Objection/appeal according to the Company	Status as at the date of the report
00089/406/08/051/10 29 November 2010	2008	Corporate Income Tax	Overpayment of Rp6,422,395	Overpayment of Rp6,652,230	In objection process
00110/406/07/051/10 19 March 2010	2007	Corporate Income Tax	Overpayment of Rp2,905,134	Overpayment of Rp2,905,134	Settled by 00002/306/07/051/11& KEP-00066/WPJ.19/ KP.0303/2011
00142/207/07/051/10 19 March 2010	2007	VAT	Underpayment of Rp1,958,230	Underpayment of Rp30,741	Objection was rejected
KEP-248/WPJ.19/ BD.05/2011 30 March 2011	2007	VAT	Underpayment of Rp2,898,180	Underpayment of Rp107,615	In appeal process
00009/206/05/051/08 23 July 2008	2005	Corporate Income Tax	Underpayment of Rp1,820,784	Overpayment of Rp680,033	Objection was rejected
KEP-659/PJ.07/2009 10 August 2009	2005	Corporate Income Tax	Underpayment of Rp1,820,784	Overpayment of Rp1,913,491	In appeal process
00035/206/04/051/08 8 January 2008	2004	Corporate Income Tax	Underpayment of Rp1,121,214	Overpayment of Rp1,793,187	Objection was rejected
KEP-80/PJ.07/2009 2 March 2009	2004	Corporate Income Tax	Underpayment of Rp1,121,214	Overpayment of Rp397,837	In appeal process
00008/206/03/051/06 22 December 2006	2003	Corporate Income Tax	Underpayment of Rp72,002	Overpayment of Rp632,601	Objection was processed and accepted partially
089/WPJ.19/ BD.05/2008 13 March 2008	2003	Corporate Income Tax	Overpayment of Rp40,441	Overpayment of Rp341,338	In appeal process
00075/207/02/051/05 3 June 2005	2002	VAT Retention, Bonus and Commission for Cooperation Contract	Underpayment of Rp949,696	Nil	Objection was rejected
KEP-196/PJ.54/2006 24 August 2006	2002	VAT Retention, Bonus and Commission for Cooperation Contract	Underpayment of Rp949,696	Nil	Objection was processed and accepted partially
Put.13366/PP/M.II/ 16/2008 19 February 2008	2002	VAT Retention, Bonus and Commission for Cooperation Contract	Underpayment of Rp947,773	Underpayment of Rp947,773	Underpayment was recognised while waiting for the Supreme Court's judicial review decision

(Expressed in millions of Rupiah, unless otherwise stated)

40. TAXATION (continued)

g. Tax assessment letters (continued)

PHE

BP West Java (now PHE ONWJ Ltd.) as a company domiciled in United Kingdom ("UK"), applied a 10% tax rate on income before income tax in accordance with the provisions stipulated in the Tax Treaty between the Government of Indonesia and the UK. According to the Government audit report for 2001-2009, PBDR payment obligations undertaken by BP West Java should be 20% with reference to the provisions of Tax Law Indonesia so that the tax treaty between Indonesia and the UK Government is not applicable.

In relation to this condition, PHE ONWJ Ltd. in 2011 has received a Tax Underpayment Assessment Letters amounting to US$66,172,798 for the difference on tax rate for the fiscal years of 2001 through 2009. As of 31 December 2011, no payment has been made by PHE ONWJ Ltd.

On 26 January 2012, PHE ONWJ Ltd. has paid all the Tax Underpayment Assessment Letters. PHE ONWJ Ltd. also submitted a tax objection letter on these Tax Underpayment Assessment Letters.

Management believes that the Tax Underpayment Assessment Letters are without merit. As such no provision has been made by management at the balance sheet date.

41. RELATED PARTIES BALANCES AND TRANSACTIONS

Significant related party accounts are as follows:

	2011	2010*	2009*
Cash and cash quivalents (Note 6)	26,624,867	19,072,858	13,635,142
Restricted funds (Note 7)	451,080	1,537,984	705,663
Trade receivables - related parties (Note 41a)	19,695,596	8,487,558	16,586,010
Due from the Governments (Note 9)	17,282,499	13,366,485	19,901,312
Other receivables - related parties (Note 41b)	1,666,606	3,364,425	2,692,632
Dividend advances and others (Note 26)	-	1,500,000	47,411,701
Investment in Medium Term Notes (Note 11)	2,000,000	3,000,000	4,000,000
Restricted funds - non - current (Note 14c)	126,549	53,638	71,367
	67,847,197	50,382,948	105,003,827
As a percentage of total assets	22%	19%	35%

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

	2011	2010*	2009*
Short-term loans (Note 15)	14,876,187	10,824,572	7,440,053
Trade payables - related parties (Note 41c)	1,296,325	1,161,139	1,058,301
Due to Government (Note 17)	24,279,784	20,632,434	36,198,316
Long-term liabilities (Note 19a)	8,292,906	10,147,607	5,585,000
Other payables - related parties (Note 41d)	601,833	349,673	616,851
	49,347,035	43,115,425	50,898,521
As a percentage of total liabilities	25%	27%	32%

* As restated (refer to Note 4)

a. Trade receivables

Related party receivables resulting from domestic sales of crude oil, natural gas and geothermal energy and the export of crude oil and oil products.

	2011	2010*	2009*
Trade receivables from related parties	20,036,474	10,053,217	17,202,458
Less: Provision for impairment	(340,878)	(1,565,659)	(616,448)
Net	19,695,596	8,487,558	16,586,010
Less: current portion	**(19,695,596)**	**(8,132,182)**	**(15,190,314)**
Non-current portion - net (Note 14)	**-**	**355,376**	**1,395,696**

Trade receivables by customer are as follows:

	2011	2010*	2009*
PT Perusahaan Listrik Negara (Persero) (PLN) and Subsidiaries	13,868,977	5,319,303	6,872,029
Indonesian Armed Forces/Police	3,886,043	1,721,362	6,263,611
PT Garuda Indonesia (Persero) Tbk	385,061	126,608	602,423
PT Pupuk Kalimantan Timur	368,136	5,670	-
PT Perusahaan Gas Negara (Persero) Tbk	276,669	354,482	210,405
Pacific Petroleum & Trading Co.	238,664	181,118	156,601
PT Elnusa Petrofin	181,645	297,992	267,058
PT Pusri Palembang	179,993	151,038	262,876
PT Petrokimia Gresik	111,146	-	2,983
PT Merpati Nusantara Airlines (Persero)	60,622	222,538	220,913
PT Trans Pacific Petrochemical Indotama	-	1,652,598	1,735,444
Others (each below Rp100,000)	479,518	20,508	608,115
	20,036,474	10,053,217	17,202,458
Provision for impairment	(340,878)	(1,565,659)	(616,448)
	19,695,596	8,487,558	16,586,010

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

a. Trade receivables (continued)

The ageing of trade receivables from related parties is as follows:

	2011	2010*	2009*
Current 0 - 3 months	19,536,541	6,950,926	12,245,572
3 - 6 months	122,141	-	217,472
6 - 12 months	121,178	1,049,371	2,272,856
12 - 24 months	12,532	138,611	2,267,761
Outstanding for more than 24 months	244,082	1,914,309	198,797
	20,036,474	10,053,217	17,202,458

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

	2011	2010*	2009*
Beginning balance	(1,565,659)	(616,448)	(643,503)
Reclassification	1,509,887	-	-
Foreign exchange gain	38,640	24,044	79,182
Impairment during the year	(323,746)	(973,255)	(52,127)
Ending balance	**(340,878)**	**(1,565,659)**	**(616,448)**

* As restated (refer to Note 4)

The Company's management has provided a provision for the impairment of receivables on an individual impairment approach.

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible trade receivables from related parties.

b. Other receivables

Other receivables by customer are as follows:

	2011	2010*	2009*
PT Trans Pacific Petrochemical Indotama	5,059,095	2,718,010	1,897,820
PT Donggi Senoro LNG	1,045,569	-	-
PT Garuda Indonesia (Persero) Tbk	521,561	646,415	711,769
PT Merpati Nusantara (Persero)	212,665	-	-
Others (each below Rp100,000)	59,242	7,079	90,780
	6,898,132	3,371,504	2,700,369
Provision for impairment	(5,231,526)	(7,079)	(7,737)
	1,666,606	3,364,425	2,692,632
Less: Current portion	**(182,803)**	**(2,847,293)**	**(118,991)**
Non-current portion - net (Note 14)	**1,483,803**	**517,132**	**2,573,641**

* As restated (refer to Note 4)

(Expressed in millions of Rupiah, unless otherwise stated)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

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

	2011	2010*	2009*
Beginning balance	(7,079)	(7,737)	(9,460)
Reclassification	(1,509,887)	-	-
Impairment during the year	(3,714,811)	-	-
Reversal of provision	251	658	1,723
Ending balance	**(5,231,526)**	**(7,079)**	**(7,737)**

* As restated (refer to Note 4)

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible other receivables from related parties.

Receivables from PT Trans Pacific Petrochemical Indotama (TPPI)

The Company's receivables from TPPI as of 31 December 2011 amount to US$555,602,521 (2010: US$486,115,368, 2009: US$386,115,368), consisting of trade receivables from sales of Senipah condensate (Senipah Receivable) amounting to US$183,805,769 (2010: US$184,621,745, 2009: US$184,621,745), and other receivables from Low Sulphur Waxed Residue Delayed Payment Notes (LSWR DPN) of US$371,796,752 (2010: US$301,493,623, 2009: US$201,493,623).

On 28 December 2011, a Master Restructuring Agreement (MRA) was signed containing the following important matters :

- The effective date of MRA is maximum 75 calendar days after the signing of the supporting agreement.
- The receivables from LSWR DPN consist of the principal amounting to US$371,796,752 and interest amounting to US$34,464,314, and receivables from Senipah consist of the principal amounting to US$183,805,769 and interest amounting to US$36,369,771.
- For the receivables from LSWR DPN, TPPI will pay a down payment of US$300,000,000 and issue a Standby Letter of Credit ("SBLC") in the amount of US$106,263,569 to be completed on 15 March 2012 at the latest.
- For the receivables from Senipah, TPPI will settle the amount in installments for 10 years starting from 31 December 2012 to 31 December 2021.

With regards to the signing of the MRA, the Company has not obtained certainty of the cash flow that will be collected in the future pertaining to receivables from TPPI. This is based on previous experiences that TPPI was unable to fulfil its commitment to the Company even with the support of a written agreement. Thus, as of 31 December 2011, 2010 and 2009, the Company has made provision for impairment of Rp5,059,095, Rp1,306,589 and Rp552,413, respectively, against receivables from TPPI.

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

PT Donggi Senoro LNG

The long-term receivable is aimed for construction of Liquified Natural Gas ("LNG") production facility with a capacity of 2 million tonnes per year. The project is located in Banggai, Sulawesi. This project is conducted by PT Donggi Senoro LNG which is owned by PT Pertamina Hulu Energi (29%), Sulawesi LNG Development Limited (59.9%) and PT Medco LNG Indonesia (11.1%). This project, which is planned to be finalised in 4 years, is amounting to US$2,802 million funded by 40% of equity (US$1,120 million) and 60% of loan (US$1,681 milion).

The long-term loan of US$120,086,363 (equivalent to Rp1,045,569) is provided by PHE to a PT Donggi Senoro LNG pursuant to shareholder loan agreement entered in 2011 between PHE, other shareholders of PT Donggi Senoro LNG (PT Medco LNG Indonesia and Sulawesi LNG Development Limited) and PT Donggi Senoro LNG.

In accordance with the agreement, the repayment date is falls 24 months after 21 January 2011 (date of Final Investment Decision) with the possibility of extension, which is subject to the consent of all lenders.

Interest rate for the loan is United States Dollar one month London Interbank Offering Rate ("LIBOR") plus 3.75% per annum. The interest payment is due on the last day of each interest period (i.e. three month after the loan drawdown). However, in accordance with a shareholders agreement, for 2011, interest accruing is compounded with the loan on the last day of each interest period since the LNG production facility is still under construction.

Interest income for 2011 is US$1,495,268 (equivalent to Rp13,127). All interest income has been compounded to the loan receivable.

PT Garuda Indonesia (Persero) Tbk (Garuda)

On 19 October 2009, the Company and Garuda signed a Transfer of Debt Agreement No. 1617/C00000/2009-S0. Based on this agreement, Garuda's trade payables amounting to US$76,484,912 for the purchase of avtur from the Company for the period from 1 June 2004 to 30 June 2006 have been converted into a long-term loan, which is subject to interest at the rate of six months LIBOR plus 1.75% per annum. Interest is payable every 30 June and 31 December starting on 31 December 2009.

The schedule of loan repayments is as follows: 1% of loan principal on 31 December 2009, 5% of loan principal on 31 December 2010 and 18.8% of loan principal on 31 December of each year thereafter until 31 December 2015. A penalty of 2% per annum is applied for late payments.

As of 31 December 2011, 2010 and 2009 the outstanding restructured long-term receivables from Garuda amounted to US$57,516,654 or equivalent to Rp521,561, US$71,895,817 or equivalent to Rp646,415 and US$75,720,062 or equivalent to Rp711,769, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

PT Garuda Indonesia (Persero) Tbk (Garuda) (continued)

The movements of the restructured receivables from Garuda are as follows:

	2011	2010	2009
Beginning balance	646,415	711,769	837,510
Receipts	(130,706)	(34,384)	(7,190)
Foreign exchange gain/(loss)	5,852	(30,970)	(118,551)
	521,561	646,415	711,769
Current portion presented as an other receivable	(130,390)	(129,283)	(35,948)
Non-current portion - net	**391,171**	**517,132**	**675,821**

PT Merpati Nusantara Airlines (Persero) (MNA)

On 27 October 2009, MNA requested to restructure its payable. An agreement was made on 17 October 2011 through a meeting at the Ministry of State-Owned Enterprises. As of 31 December 2011, the outstanding restructured long-term receivables from MNA amounted to Rp212,665. As of 31 December 2011, 2010 and 2009, the Company has provided an allowance for impairment amounted to Rp165,602, Rp203,298 and RpNil, respectively.

c. Trade payables

	2011	2010*	2009*
PT Rekayasa Industri	351,035	422,212	248,036
PT PAL Indonesia (Persero)	153,121	-	-
PT Badak NGL	126,545	-	-
PT Wijaya Karya (Persero) Tbk	124,398	-	-
Pacific Petroleum & Trading Co. Ltd.	-	344,567	379,461
Korea Indonesia Petroleum Co.	-	349	192,626
Others (each below Rp100,000)	541,226	394,011	238,178
Total	**1,296,325**	**1,161,139**	**1,058,301**

* As restated (refer to Note 4)

d. Other payables

	2011	2010	2009
PT Badak NGL	514,388	315,460	462,679
Others (each below Rp100,000)	87,445	34,213	154,172
Total	**601,833**	**349,673**	**616,851**

(Expressed in millions of Rupiah, unless otherwise stated)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

e. Sales and other operating revenues

The Group performed sales and other operating revenues to related parties in 2011, 2010 and 2009, representing 45.13%, 35.07% and 30.23% of the total sales and other operating revenues for the year as follow:

	2011	2010*	2009*
Domestic sales of crude oil, natural gas, geothermal energy and oil products			
- Entities related to Government	102,916,200	70,405,125	63,616,501
- Shareholder	942,755	230,316	2,020,071
- Associates	1,636,066	1,422,811	649,972
Subsidy reimbursements from the Government			
- Shareholder	156,519,800	75,976,178	41,366,056
Export of crude oil and oil products			
- Associates	2,256,004	1,869,171	1,304,599
Marketing fees			
- Shareholder	1,325,477	1,366,857	1,409,082
Revenues in relation to other operating activities			
- Entities related to Government	494,256	180,565	-
- Common key management	72,518	71,230	79,837
Total	**266,163,076**	**151,522,253**	**110,446,118**

* As restated (refer to Note 4)

f. Cost of goods sold

The Group performed purchases from related parties in 2011, 2010 and 2009, representing 31.91%, 29.39% and 29.98% of the total cost of goods sold (Note 32) for the year as follow:

	2011	2010*	2009*
Crude oil			
- Shareholder	154,873,161	104,806,968	89,851,449
Natural gas			
- Entities related to Government	2,929	-	-
Oil product:			
LPG			
- Associates	5,008,700	2,983,109	1,593,955
- Entities related to Government	266,318	104,830	-
Total	**160,151,108**	**107,894,907**	**91,445,404**

* As restated (refer to Note 4)

41. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

g. Key management compensation

Key management is Board of Directors and Commissioners of the Company. The compensation paid or payable to key management is shown below:

	2011	2010	2009
Salaries and other benefits	174,186	112,684	76,880

h. Relations with related parties

The nature of the relationships with the related parties is as follows:

Relations	Related parties
• Shareholders	The Government of the Republic of Indonesia
• Associates	PT Arun NGL PT Badak NGL PT Elnusa Tbk Pacific Petroleum & Trading Co. Ltd. Korea Indonesia Petroleum Co. Ltd. PT Tugu Reasuransi Indonesia PT Asuransi Samsung Tugu PT Asuransi Jiwa Tugu Mandiri PT Trans Java Gas Pipeline PT Asuransi Maipark Indonesia PT Staco Jasapratama Indonesia PT Donggi Senoro LNG
• Joint ventures	PT Patra SK PT Nusantara Regas PT Perta Samtan Gas
• Common key management	Koperasi Karyawan Pertamina Dana Pensiun Pertamina Yayasan Kesejahteraan Pegawai Pertamina
• Entities related to Government	Tentara Nasional Indonesia (TNI) Polisi Republik Indonesia (Polri) PT Perusahaan Listrik Negara (Persero) PT Pupuk Sriwidjaja (Persero) PT Perusahaan Gas Negara (Persero) Tbk PT Krakatau Steel (Persero) Tbk PT Garuda Indonesia (Persero) Tbk PT Merpati Nusantara Airlines (Persero) PT Wijaya Karya (Persero) Tbk PT PAL Indonesia (Persero) PT Trans Pacific Petrochemical Indotama PT Bina Bangun Wibawa Mukti (Persero) Perusahaan Badan Usaha Milik Negara (BUMN) lainnya Perusahaan Badan Usaha Milik Daerah (BUMD) lainnya BNI BRI Bank Mandiri Lembaga Pembiayaan Ekspor Indonesia
• Key Management Personel	Board of Directors Board of Commissioners Other key management personnel

Transactions between related parties are based on an agreement between both parties which generally refer to the market price which include a specified margin.

(Expressed in millions of Rupiah, unless otherwise stated)

42. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Segments are grouped into two principal business activities consisting of Upstream and Downstream, representing the Company's reportable segments as defined in accounting standards for segment reporting: SFAS No. 5 (Revised 2009) “Operation Segment” (Note 1a-ii).

	2011					
	Upstream	Downstream	Others[a)]	Total before elimination	Elimination	Total consolidated
External sales	33,165,588	555,167,981	1,432,312	589,765,881	-	589,765,881
Inter-segment sales	35,714,210	3,341,343	1,311,951	40,367,504	(40,367,504)	-
Total segment revenues	68,879,798	558,509,324	2,744,263	630,133,385	(40,367,504)	589,765,881
Segment results	40,586,436	8,439,758	126,523	49,152,717	(989,362)	48,163,355
Foreign exchange loss - net						(1,419,912)
Finance income						1,034,786
Finance cost						(2,545,744)
Income from penalty on long overdue payments by customers						783,886
Provision for impairment of receivables						(6,206,256)
Provision for impairment of oil and gas properties						(1,815,621)
Share in net loss of associates						(58,813)
Other income - net						989,901
						(9,237,773)
Income before income tax expense						38,925,582
Current tax						(17,235,188)
Deferred tax						(1,164,711)
Total income tax expense						(18,399,899)
Income for the year						20,525,683
Income attributable to:						
Owners of the parent						20,471,552
Non-controlling interest						54,131
Other Information						
Segment assets	132,237,612	237,134,377	5,575,027	374,947,016	(69,345,832)	305,601,184
Investments	704,279	15,728,117	833,918	17,266,314	(10,868,394)	6,397,920
Total assets	132,941,891	252,862,494	6,408,945	392,213,330	(80,214,226)	311,999,104
Segment liabilities	54,569,964	204,702,333	2,743,634	262,015,931	(68,356,470)	193,659,461
Depreciation, depletion and amortisation expense	(3,648,546)	(4,255,163)	(147,730)	(8,051,439)	-	(8,051,439)
Additions of fixed assets, oil & gas and geothermal properties	12,226,143	8,410,239	1,367,713	22,004,095	-	22,004,095

a) Others consist of offices rental, housing and operation of hotels, air transportation services, health services and operation of hospitals, investment management, oil and gas drilling services, human resources development services and insurance services.

(Expressed in millions of Rupiah, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	2010*					
	Upstream	Downstream	Others[a)]	Total before elimination	Elimination	Total consolidated
External sales	28,067,234	402,660,764	1,321,484	432,049,482	-	432,049,482
Inter-segment sales	27,022,430	2,428,374	1,016,479	30,467,283	(30,467,283)	-
Total segment revenues	55,089,664	405,089,138	2,337,963	462,516,765	(30,467,283)	432,049,482
Segment results	29,170,450	228,653	28,685	29,427,788	(1,565,153)	27,862,635
Foreign exchange gain - net						1,695,912
Finance income						814,085
Finance cost						(2,632,403)
Income from penalty on long overdue payments by customers						1,894,301
Provision for impairment of receivables						(1,241,822)
Share in net income of associates						371
Other income - net						1,532,668
						2,063,112
Income before income tax expense						29,925,747
Current tax						(11,583,543)
Deferred tax						(1,557,065)
Total income tax expense						(13,140,608)
Income for the year						16,785,139
Income attributable to:						
Owners of the parent						16,775,554
Non-controlling interest						9,585
Other Information						
Segment assets	138,698,537	225,018,537	5,016,242	368,733,316	(108,854,059)	259,879,257
Investments	31,073	30,936,599	1,523,523	32,491,195	(25,873,616)	6,617,579
Total assets	138,729,610	255,955,136	6,539,765	401,224,511	(134,727,675)	266,496,836
Segment liabilities	67,873,820	199,519,702	2,301,803	269,695,325	(107,879,042)	161,816,283
Depreciation, depletion and amortisation expense	(4,203,425)	(3,783,098)	(161,298)	(8,147,821)	-	(8,147,821)
Additions of fixed assets, oil & gas and geothermal properties	10,626,234	8,514,610	190,914	19,331,758	-	19,331,758

* As restated (refer to Note 4)

a) Others consist of offices rental, housing and operation of hotels, air transportation services, health services and operation of hospitals, investment management, oil and gas drilling services, human resources development services and insurance services.

(Expressed in millions of Rupiah, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	2009*					
	Upstream	Downstream	Others a)	Total before elimination	Elimination	Total consolidated
External sales	27,835,777	335,810,477	1,700,816	365,347,070	-	365,347,070
Inter-segment sales	21,839,670	1,165,979	575,937	23,581,586	(23,581,586)	-
Total segment revenues	49,675,447	336,976,456	2,276,753	388,928,656	(23,581,586)	365,347,070
Segment results	25,552,624	2,947,074	231,079	28,730,777	(991,083)	27,739,694
Finance income						1,333,345
Finance costs						(2,003,013)
Foreign exchange gain - net						167,341
Share in net income of associates						189,814
Other income - net						480,563
						168,050
Income before income tax expense						27,907,744
Current tax						(9,008,916)
Deferred tax						(2,810,727)
Total income tax expense						(11,819,643)
Income for the year						16,088,101
Income attributable to:						
Owners of the parent						16,203,209
Non - controlling interest						(115,108)
Other Information						
Segment assets	116,654,364	269,411,561	5,160,467	391,226,392	(96,379,835)	294,846,557
Investments	931	30,527,798	1,417,390	31,946,119	(24,042,179)	7,903,940
Total assets	116,655,295	299,939,359	6,577,857	423,172,511	(120,422,014)	302,750,497
Segment liabilities	64,801,030	188,466,424	2,379,382	255,646,836	(95,672,752)	159,974,084
Depreciation, depletion and amortisation expense	(2,776,833)	(3,141,174)	(792,804)	(6,710,811)	-	(6,710,811)
Additions of fixed assets, oil & gas and geothermal properties	14,216,325	7,139,090	791,964	22,147,379	-	22,147,379

a) Others consist of offices rental, housing and operation of hotels, air transportation services, health services and operation of hospitals, investment management, oil and gas drilling services, human resources development services and insurance services.

Transaction between segments are carried out at agreed terms between companies.

The following table shows the distribution of the Group's consolidated revenues based on their geographic segments:

	2011	2010*	2009*
Revenues			
Indonesia	551,882,370	393,579,556	336,385,887
Other countries	37,883,511	38,469,926	28,961,183
Consolidated revenues	**589,765,881**	**432,049,482**	**365,347,070**

* As restated (refer to Note 4)

42. SEGMENT INFORMATION (continued)

Revenue from two customers of the downstream segment in 2011, 2010 and 2009 represents approximately 40.47%, 29.45% and 24.55% (Rp238,681,543, Rp127,246,520 and Rp89,708,588) of total sales and other operating revenues.

Substantially all of the Group's assets are located in Indonesia, except for Petral's offices which are located in Hong Kong and Singapore.

43. OIL AND GAS CONTRACT ARRANGEMENTS

a. Production Sharing Contracts (PSCs)

Production Sharing Contracts (PSCs) are entered into by PSC contractors with the Oil and Gas Upstream Activities Agency (BPMIGAS) acting on behalf of the Government, for a period of 20 - 30 years, and may be extended in accordance with applicable regulations.

- **Working Area**

  The PSC working area is a designated area in which the PSC contractors may conduct oil and gas operations. On or before the tenth year from the effective date of PSCs, the PSC contractors must return 10% of such designated working area to BPMIGAS on behalf of the Government.

- **Crude Oil and Gas Production Sharing**

  Oil and gas production sharing is determined annually, and represents the total liftings of oil and gas in each period/year ending 31 December net of Investment Credit, First Tranche Petroleum (FTP) and cost recovery.

  The PSC contractors are subject to tax on their taxable income from their PSC operations based on their share of equity oil and gas production, less bonuses, at a combined tax rate comprising corporate income tax and dividend tax.

- **Cost Recovery**

  Annual cost recovery comprises:
  i. Current year non-capital costs
  ii. Current year depreciation of capital costs
  iii. Unrecovered prior years' operating costs.

- **Crude Oil and Natural Gas Prices**

  The PSC contractors' crude oil production is priced at Indonesian Crude Prices (ICP). Natural gas delivered to third parties and related parties are valued based on the prices stipulated in the respective sale and purchase contracts.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

a. Production Sharing Contracts (PSCs) (continued)

- **Domestic Market Obligation (DMO)**

  Crude Oil

  The PSC Contractor is required to supply the domestic market in Indonesia with the following annual calculation:

  i. Multiply the total quantity of crude oil produced from contract area by a fraction the numerator of which is the total quantity of crude oil to be supplied and the denominator is the entire Indonesian production of crude oil of all petroleum companies.
  ii. Compute 25% of the total quantity of crude oil produced from the contract area.
  iii. Multiply the lower computed, either under (i) or (ii) by the resultant percentage of contractor's entitlement

  The price at which the DMO crude oil is supplied is equal to the weighted average of all types of crude oil sold by the PSC Contractor.

  Natural Gas

  The PSC Contractor is also required to supply the domestic market in Indonesia with 25% of the total quantity of natural gas produced from the contract area multiplied by the contractor entitlement percentage.

  The price at which the DMO gas is supplied is the price determined based on the agreed contracted sales prices.

- **FTP**

  The Government is entitled to receive an amount ranging from 10% - 20% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit.

- **Ownership of materials and supplies, and equipment**

  Materials, supplies and equipment acquired by the PSC contractors for oil and gas operations belong to the Government, however, the PSC contractors have the right to utilise such materials, supplies and equipment until they are declared surplus or abandoned with the approval of BPMIGAS.

b. PT Pertamina EP's Cooperation Contract

On 17 September 2005, an Oil and Gas Cooperation Contract in the form of "Kontrak Minyak dan Gas Bumi Pertamina" which is equivalent to a PSC, was signed between BPMIGAS and PT Pertamina EP as a successor contract to the Pertamina's Petroleum Contract ("PPC"). This involved a period of 30 years from 17 September 2005 until 16 September 2035, which may be extended in accordance with a written agreement between the parties (BPMIGAS and PT Pertamina EP) and approval from the Government.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Cooperation Contract

The terms of PT Pertamina EP's Coorporation Contract differ from general Cooperation Contract terms in the following respects:

- **Crude Oil and Natural Gas Production Sharing**

  PT Pertamina EP's and the Government's share of equity (profit) oil and gas production is 67.2269% and 32.7731%, respectively.

- **FTP**

  The Government and PT Pertamina EP are entitled to receive an amount equal to 5% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PT Pertamina EP in accordance with the entitlements to oil and gas production.

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP

PT Pertamina EP can establish cooperation agreements with other parties in conducting oil and gas activities or technical assistance arrangements in certain parts of its Cooperation Contract working area under Joint Venture Arrangements with the approval of the Government through BPMIGAS.

The recoverable costs and profit shares of the other parties under the following cooperation agreements form part of PT Pertamina EP's recoverable costs under its Cooperation Contract.

- **Technical Assistance Contracts (TAC)**

  Under a TAC, operations are conducted through partnership arrangements. TACs are awarded for fields which are currently in production, or which had previously been in production, but in which production had ceased, or for areas with no previous production. Crude oil and natural gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on the historic production trends of the field) at the time the TAC is signed and accrued to PT Pertamina EP. Non-shareable production decreases annually reflecting expected declines in production.

  The shareable portion of production corresponds to the additional production resulting from the Partners' investments in the TAC fields. The Partners are entitled to recover costs, subject to specified annual limitations depending on the contract terms. The remaining portion of shareable production (shareable production less cost recovery) is split between PT Pertamina EP and the Partners. The Partners' share of equity (profit) oil and gas production is stipulated in each contract and ranges from 26.7857% to 67.3077% and from 30.0000% to 79.9231%, respectively. As at 31 December 2011, PT Pertamina EP's TAC arrangements were as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Technical Assistance Contracts (TAC)** (continued)

Partner	Working Area	Area	Effective Date of Contract	Date of Commencement of Production	Date of End of Contract	Production
ElnusaTristar Ramba Ltd.*)	Bentayan, Ramba, Kluang, Mangunjaya	Jambi	16/10/1990	Information is not available	15/10/2010	Oil
PT Bangadua Petroleum**)	Bangadua	West Java	17/12/1996	23/08/2005	16/12/2011	Oil and gas
PT Rainbow Emerald Pamanukan Selatan***)	Pamanukan Selatan	West Java	17/12/1996	18/11/2003	16/12/2011	Oil and gas
PT Medco E&P Sembakung	Sembakung	East Kalimantan	22/12/1993	4/10/1994	21/12/2013	Oil
Korea Development (Poleng) Co. Ltd.	Poleng	East Java	22/12/1993	1/5/1998	21/12/2013	Oil and gas
PT Babat Kukui Energi	Babat, Kukui	Jambi	12/7/1994	12/11/2003	11/7/2014	Oil
PT Binawahana Petrindo Meruap	Meruap	Jambi	12/7/1994	30/8/2000	11/7/2014	Oil
PT Patrindo Persada Maju	Mogoi, Wasian	Papua	12/7/1994	22/9/2000	11/7/2014	Oil
PT Radiant Energi Sukatani	Sukatani	West Java	16/6/1995	-	15/6/2015	-
PT Pelangi Haurgeulis Resources	Haurgeulis	West Java	17/11/1995	26/6/2003	16/11/2015	Gas
PT Radiant Ramok Senabing	Ramok Senabing	South Sumatera	9/1/1995	23/9/2002	8/1/2015	Oil
Intermega Sabaku Pte Ltd.	Sabaku, Salawati - A, D	Papua	9/1/1995	30/11/1995	8/1/2015	Oil
Intermega Salawati Pte Ltd.	Salawati - C and F	Papua	9/1/1995	18/10/1995	8/1/2015	Oil

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Technical Assistance Contracts (TAC)** (continued)

Partner	Working Area	Area	Effective Date of Contract	Date of Commencement of Production	Date of End of Contract	Production
PT Sembrani Persada Oil (SEMCO)	Semberah	East Kalimantan	17/11/1995	28/6/2004	16/11/2015	Oil and gas
Salamander Energy (North Sumatera) Ltd.	Glagah, Kambuna	North Sumatera	17/12/1996	17/9/2009	16/12/2016	Oil and gas
PT Retco Prima Energi	Tanjung Miring Timur	South Sumatera	17/12/1996	23/10/2000	16/12/2016	Oil
Pilona Petro Tanjung Lontar Ltd.	Tanjung Lontar	South Sumatera	7/10/1996	22/9/2000	6/10/2016	Oil
PT Akar Golindo	Tuba Obi Timur	Jambi	15/5/1997	-	14/5/2017	-
PT Insani Mitrasani Gelam	Sungai Gelam - A, B, D	Jambi	15/5/1997	13/10/2004	14/5/2017	Oil
Blue Sky Langsa Ltd.	Langsa	Aceh	15/5/1997	28/2/2002	14/5/2017	Oil
PT Putra Kencana Diski Petroleum	Diski	North Sumatera	16/11/1998	-	15/11/2018	-
IBN Oil Holdico Ltd.	Linda - A, C, G, Sele	Papua	16/11/1998	4/9/2000	15/11/2018	Oil
PT Indama Putera Kayapratama	Kaya	South Sumatera	22/5/2000	-	21/5/2020	-
Ellipse Energy Jatirarangon Wahana Ltd.	Jatirarangon	West Java	22/5/2000	1/11/2004	21/5/2020	Gas
PT Binatek Reka Kruh	Kruh	South Sumatera	22/5/2000	6/2/2003	21/5/2020	Oil
PT Eksindo Telaga Said Darat	Telaga Said	North Sumatera	7/8/2002	-	6/8/2022	-
PT Pertalahan Arnebatara Natuna	Udang Natuna	Riau Archipelago	7/8/2002	28/11/2005	6/8/2022	Oil
PT Indo Jaya Sukaraja (Easco Sukaraja)	Sukaraja, Pendopo	South Sumatera	7/8/2002	19/6/2008	6/8/2022	Oil
PT Prakarsa Betung Meruo Senami	Meruo Senami	Jambi	14/8/2002	-	13/8/2022	-

*) On 15 October 2010, the TAC contract between PT Pertamina EP and Elnusa Tristar Ramba, Ltd was ended. Subsequently, PT Pertamina EP established UBEP Ramba to continue the operations involving this working area.
**) On 16 December 2011, the TAC contract between PT Pertamina EP and PT Bangadua Petroleum was ended.
***) On 16 December 2011, the TAC contract between PT Pertamina EP and PT Rainbow Emerald Pamanukan Selatan was ended.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Technical Assistance Contracts (TAC)** (continued)

  At the end of TAC contracts, all TAC assets are transferred to PT Pertamina EP. The TAC Partners are responsible for settling all outstanding TAC liabilities to third parties until the end of the TAC contracts.

- **Operation Co-operation (“OC”) Contract**

  In an OC, operations are conducted through partnership arrangements with PT Pertamina EP. OCs are awarded for fields which are currently in production, or which had previously been in production, but in which production had ceased, or for areas with no previous production. The two types of OC contract are:

  a. OC Production - Exploration contract
  b. OC Production contract

  Under an OC Production-Exploration contract there is no Non-Shareable Oil (”NSO”). Under an OC Production contract, the crude oil production is divided into non-shareable and shareable portions.

  The non-shareable portion of crude oil (the “NSO”) production represents the production which is expected from the field (based on the historic production trends of the field) at the time the OC is signed, and it accrues to PT Pertamina EP. The shareable portion of crude and gas production corresponds to the additional production resulting from the Partners’ investments in the OC fields and is in general split between the parties in the same way as under a Cooperation Contract. In certain OC production contracts, in the event that the production is the same as or less than the NSO, the Partner’s production cost will not be deferred and will be recovered with the following provisions:

  - In the event that total production cost incurred for the current year’s operations is less than total NSO revenue, recovery will be 70% of production cost incurred for the current year’s operations and the remaining production cost will not be carried forward to any subsequent year.

  - In the event that total production cost incurred for the current year’s operations is higher than total NSO revenue, recovery will be 50% of total NSO revenue and the remaining production cost will not be carried forward to any subsequent year.

  The Partner’s share of equity (profit) oil and gas production is stipulated in each contract and ranges from 17.8571% to 26.7857% for oil and 31.3725% to 53.5714% for gas, respectively.

  Specified investment expenditure commitments are required to be made in the first three years after the OC contract date. To ensure that these expenditure commitments will be met, the Partners are required to provide PT Pertamina EP with irrevocable and unconditional bank guarantees. The OC Partners are also required to make payments to PT Pertamina EP before the date of signing the OC contracts, of the amounts stated in the bid documents.

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Operation Co-operation ("OC") Contract** (continued)

As of 31 December 2011, PT Pertamina EP's OC partnership arrangements were as follows:

Partner	Working Area	Area	Effective Date of Contract	Date of End of Contract	Commencement of Production	Production
PT Indelberg Indonesia Perkasa	Suci	East Java	25/4/2007	24/4/2027	-	-
PT Kendal Oil and Gas	Kendal	Central Java	25/4/2007	24/4/2027	-	-
PT Kamundan Energy	Kamundan	Papua	25/4/2007	24/4/2027	-	-
PT Formasi Sumatera Energy	Tanjung Tiga Timur	South Sumatera	25/4/2007	24/4/2027	25/4/2007	Oil
GEO Minergy Sungai Lilin Ltd.	Sungai Lilin	South Sumatera	25/4/2007	24/4/2027	25/4/2007	Oil
PT Geraldo Putra Mandiri*)	Ibul Tenggara	Sumatera	25/4/2007	24/4/2027	25/4/2007	Oil
Patina Group Ltd.	Bangkudulis	East Kalimantan	25/4/2007	24/4/2027	June 2011	Oil
Pacific Oil & Gas (Perlak) Ltd.	Perlak	North Sumatera	25/4/2007	24/4/2027	July 2011	Oil
PT Indrillco Bakti	Uno Dos Rayu	South Sumatera	19/12/2007	24/4/2027	-	-
PT Benakat Barat Petroleum	Benakat Barat	South Sumatera	16/3/2009	18/12/2027	16/3/2009	Oil
PT Petroenergi Utama Wiriagar	Wiriagar	West Papua	2/9/2009	1/9/2024	-	-
PT Santika Pendopo Energy*)	Talang Akar	South Sumatera	5/7/2010	4/7/2025	5/7/2010	Oil
Cooper Energy Sukananti Ltd.*)	Tangai Sukananti	South Sumatera	26/7/2010	25/7/2025	26/7/2010	Oil
PD Migas Bekasi	Jatinegara	West Java	17/2/2011	16/2/2026	-	Oil
Samudra Energy Tanjung Lontar Timur Limited	Tanjung Lontar Timur	South Sumatera	17/2/2011	16/2/2031	-	Oil
Prisma Kampung Minyak Ltd	Kampung Minyak	South Sumatera	15/7/2011	14/7/2026	-	Oil
Ramba Energy West Jambi Limited	Jambi Barat	Jambi	13/6/2011	12/6/2026	-	Oil

*) Production is less than NSO

At the end of OC contracts, all OC assets are transferred to PT Pertamina EP. The OC Partners are responsible for settling all outstanding OC liabilities to third parties until the end of the OC contracts.

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement**

In accordance with the Government Regulation No. 35 of Year 2004 on Upstream Oil and Gas Business Activities, a contractor of a Cooperation Contract with BPMIGAS is required to conduct unitisation if it is proven that its reservoir extends into another contractor's Working Area. The Minister of Energy and Mineral Resources will determine the operator for the unitisation based on the agreement between the Contractors conducting the unitisation after considering the opinions of BPMIGAS.

Since several of PT Pertamina EP's oil and gas reservoirs extend into other Contractors' Working Areas, PT Pertamina EP has already entered into Unitisation Agreements with several contractors.

As at 31 December 2011, PT Pertamina EP's Unitisation Agreements were as follows:

Field	Operator	Share of PT Pertamina EP	Location
Air Serdang	Talisman Ogan Komering Ltd.	Oil: 21.96% and Gas: 19.93%	Air Serdang, South Sumatera
Wakamuk	Petrochina International (Bermuda) Ltd.	Oil and Gas: 50%	Sorong, Papua
Sukowati	JOB Pertamina-Petrochina East Java	Oil and Gas: 80%	Tuban, East Java
Suban	ConocoPhilips. (Grissik) Ltd	Oil and Gas: 10%	Suban, Jambi
Tiung Biru*)	PT Pertamina EP Cepu	To be determined	Jambaran, East Java

*) Unitisation of Tiung Biru has not yet in production stage.

Heads of Agreement ("HOA") of the Suban Field Unitisation

On 3 November 2011, ConocoPhillips (Grissik) Ltd ("CPGL", the Operator of the Corridor PSC), Talisman (Corridor) Ltd, Pertamina Hulu Energy Corridor and PT Pertamina EP (collectively referred to as the "Parties") entered into HOA in respect of the Suban Field Unitisation. The Parties agreed that from and after the monetisation date, being 2 June 2011, until the expiry of the Corridor PSC, being 23 December 2023, PT Pertamina EP will have a Unit Participation Factor of 10% and Corridor PSC Suban Field will have a Unit Participation Factor of 90%.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement** (continued)

Heads of Agreement ("HOA") of the Suban Field Unitisation (continued)

PT Pertamina EP will be entitled to 10% of all revenues from the Suban gas and condensate sales agreement realised from and after 1 June 2011. In the other hand, PT Pertamina EP will also be liable for 10% of all costs, expenses and other liabilities incurred from and after 1 June 2011.

CPGL will cash call and PT Pertamina EP will agree to pay 10% of all future capital and operating costs. To catch up on the cash call, on or after the effective date, CPGL will make a special cash call to PT Pertamina EP attributing to 10% of all costs incurred between the monetisation date and 3 November 2011. PT Pertamina EP agrees to pay such cash call to CPGL accordingly.

PT Pertamina EP agrees to include (i) in whole or incorporated by parts, PT Pertamina EP-owned Ramba liquid handling facilities that are currently operated by CPGL under the HOA signed on 13 October 2010 and (ii) two wells of its own within the Suban Barat Field as unit facilities (the "Unit Facilities") from the monetisation date until the expiration of the Corridor PSC. The cost sharing of PT Pertamina EP-owned Ramba liquid handling facilities will be agreed by PT Pertamina EP and CPGL in a facilities sharing agreement.

As at 31 December 2011, the Suban Unitisation and Unit Operating Agreement as well as Facilities Sharing Agreement has still not been finalised.

Unitisation and Unit Operating Agreement of Wakamuk Field

On 6 September 2010, PetroChina International (Bermuda) ("PetroChina"), PearOil (Basin) Ltd. ("PearlOil"), Lundin International S.A ("Lundin"), PT Pertamina Hulu Energi Salawati Basin ("PHE Salawati Basin") (collectively referred to as "Kepala Burung Group") and PT Pertamina EP (collectively referred to as the "Parties", individually referred to as the "Party") entered into Unitisation and Unit Operating Agreement of Wakamuk Field (the "Unitisation Agreement"). The effective date of the Unitisation Agreement is 13 November 2006. As at the effective date, the Parties agreed to unite their interests in the respective Contracts in the Unit Reservoir and Unit Subtances under the terms of the Unitisation Agreement whereby PT Pertamina EP has a Unit Participation Factor of 50% and Kepala Burung PSC Wakamuk Field will also have a Unit Participation Factor of 50%. PetroChina is appointed and agrees to act as Operator of the Unit, as stated in the Unitisation Agreement.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement** (continued)

<u>Unitisation and Unit Operating Agreement of Wakamuk Field</u> (continued)

The Parties acknowledge that certain costs and expenditures have been incurred by the Parties with respect to the Wakamuk Oil Field Operation prior to the effective date of the Unitisation Agreement. The Parties agreed that the costs and expenditures outlined in the Unitisation Agreement will be charged to the Unit Operation on the effective date and furthermore shall be imposed on the Parties in accordance with their respective share of the Unit Participation Factor. No other costs or expenditures which incurred prior to the effective date will be chargeable to the Unit Operation unless otherwise agreed by the Parties. Notwithstanding the foregoing, if at any time it is determined that the costs and expenditures incurred by the Parties are non-recoverable costs under the terms of the respective Cooperation Contract, such costs and expenditures will be the sole liability of the Parties incurring those costs and expenditures.

No later than three months after the Signing Date of the Unitisation Agreement, the Operator shall provide to the Parties a detailed “True Up Statement” reflecting, the initial performance of the Unit Activity until 31 December 2009, in accordance with the terms of Unitisation Agreement. As at 31 December 2011, the True Up Statement had not been prepared.

The above mentioned Unit Participation Factor agreed by the Parties is based on a limited data set, as is currently available, and therefore, the Unit Participation Factor may be adjusted as provided for in the Unitisation Agreement. The re-determination of Unit Participation Factor can take place twice.

<u>Facilities Sharing Agreement</u>

On 6 September 2010, PetroChina International (Bermuda) (“PetroChina”), PearOil (Basin) Ltd (PearlOil), Lundin International S.A (“Lundin”), PT Pertamina Hulu Energi Salawati Basin (“PHE Salawati Basin”) and PT Pertamina EP (collectively referred to as “Wakamuk Group Parties”) entered into a Facilities Sharing Agreement (the “FSA”).

Under the FSA, the existing facilities (Walio Pump Station, KMT Storage Tanks, KMT Loading Pier, KMT Power Plant and Flow line which are installed from Walio Pump Station to KMT Storage Tanks) can be used by Wakamuk Group Parties if the Facilities have spare capacity.

Under the FSA, the Wakamuk Group Parties agreed that they will reimburse the Facilities Operator for the costs of Production Handling Activities. The Wakamuk Group parties will bear the costs in proportion to the volume of the Crude Oil which receives the benefit of the Production Handling Activities. Such cost will be calculated since 13 November 2006.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement** (continued)

HOA on Jambaran - Tiung Biru Unit

On 17 August 2011, Mobil Cepu Ltd ("MCL"), Ampolex (Cepu) Pte. Ltd. ("Ampolex"), PT Pertamina EP Cepu ("PEPC") and PT Pertamina EP (collectively referred to as the "Parties") entered into a HOA on Jambaran – Tiung Biru Unit. Under the HOA, the Parties agree to conduct good faith negotiations in order to conclude a Unitisation Agreement ("UA") and a Unit Operating Agreement ("UOA") within 90 days of the date of this HOA. The UA and UOA will be executed by the Contractor under the Cepu PSC and the Parties will use their best endeavours to secure the contract execution and the required Government approvals as soon as practicable.

Under the UOA, it is envisioned that Tiung Biru's share of gas will be jointly marketed with Jambaran's share and the seller's representative for that share will be PEPC, subject to BPMIGAS' approval. PT Pertamina EP will support the appointment of PEPC as Seller of State's share of Tiung Biru's share of gas.

PEPC and MCL further agree to conduct good faith negotiations to conclude a Cepu Gas Marketing Agreement (the "CGMA") within 90 days of the date of this HOA. The CGMA will provide for joint marketing of Cepu gas and will appoint PEPC as the seller's representative. MCL also agrees to support the appointment of PEPC as Seller of State's share of Cepu gas. The CGMA will be executed by the Contractor under Cepu PSC.

The Parties agree to enter into further negotiations to put in place all long term agreements as may be necessary to implement the development of the Jambaran – Tiung Biru Unit, including an update of the UA which will include the initial determination of, and provision for re-determination of the Unit Participating Factor.

As at 31 December 2011, the UA, UOA and CGMA have still not been finalised.

Unitisation and Unit Operating Agreement of Sukowati Field

On 24 June 2010, PT Pertamina Hulu Energi Tuban East Java ("PHE Tuban East Java"), PT Pertamina Hulu Energi Tuban ("PHE Tuban"), PetroChina International Java Ltd ("Petrochina") (collectively referred to as the "Tuban Group") and PT Pertamina EP entered into Unitisation and Unit Operating Agreement of Sukowati Field (the "Unitisation Agreement"). The effective date of the Unitisation Agreement is 2 July 2004. As at the effective date, the Parties agreed to unite their interests in the respective Contracts in the Unit Reservoir and Unit Subtances under the terms of the Unitisation Agreement whereby PT Pertamina EP have a Unit Participation Factor of 80% and Tuban Group will have a Unit Participation Factor of 20%. No re-determination of the Participation Factor is allowed under the Unitisation Agreement. JOB Pertamina - PetroChina East Java is appointed and agrees to act as Operator of the Unit, as stated in this Unitisation Agreement.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement** (continued)

Unitisation and Unit Operating Agreement of Sukowati Field (continued)

The Parties acknowledge that certain costs and expenditures have been incurred by the Parties with respect to the Sukowati Oil Field Operation prior to the effective date of the Unitisation Agreement. The Parties agreed that the costs and expenditures outlined in the Unitisation Agreement will be charged to the Unit Operation on the effective date and furthermore shall be imposed on the Parties in accordance with their respective share of the Unit Participation Factor. No other costs or expenditures which incurred prior to the effective date will be chargeable to the Unit Operation unless otherwise agreed by the Parties. Notwithstanding the foregoing, if at any time it is determined that the costs and expenditures incurred by the Parties are non-recoverable costs under the terms of the respective Cooperation Contract, such costs and expenditures will be the sole liability of the Parties incurring those such costs and expenditures.

No later than three months following the Signing Date of the Unitisation Agreement, the Operator shall provide to the Parties a detailed “True Up Statement” reflecting, the initial performance of the Unit Activity until 31 December 2009 in accordance with the terms of Unitisation Agreement. As at 31 December 2011, the True Up Statement had not been prepared.

Facilities Sharing Agreement

On 3 February 2012, Joint Operating Body Pertamina - PetroChina East Java (“JOB P-PEJ”) as Facilities Operator, PT Pertamina Hulu Energi Tuban East Java, PT Pertamina Hulu Energi Tuban, PetroChina International Java Ltd and PT Pertamina EP as Sukowati Group entered into a Facilities Sharing Agreement (the “FSA”). JOB P-PEJ and Sukowati Group will be referred to as the “Party” and collectively as the “Parties”.

Under the FSA, Existing Facilities comprise of Manifold Sukowati, Sukowati-Mudi Onshore Pipeline, Central Processing Area, Onshore Storage Tanks, CPA - Palang Station Onshore Pipeline, Palang Station - FSO Offshore Pipeline, and TMT Storage Tanks. The Facilities Operator accepts deliveries of Sukowati Group’s Crude Oil at the Receiving Point and thereafter the Facilities Operator will conduct the Production Handling Activities. Crude oil, gas and water produced from the PSC Tuban Block and Sukowati Group have first priority to use the Facilities. If the Facilities have Excess Capacity, the Facilities Operator shall make Excess Capacity available for the Sukowati Group, in which the Sukowati Group shall have first priority in respect of the Excess Capacity of Facilities other than other Facilities users.

The Sukowati Group shall be solely responsible for the lifting, marketing and sale of the crude oil at the Delivery Point.

The Sukowati Group shall bear the Production Handling Activities Cost in proportion to the volume of the crude oil which receives the benefit of the Production Handling Activities. The calculation of Production Handling Activities Cost is divided into two periods: (i) Commencement Date until 31 December 2011 and (ii) 1 January 2012 until termination of the Agreement. If any other party, other than the Parties, use the Facility, then the costs of production handling activities will be charged proportionally according to the volume of crude oil produced by all Parties.

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Cooperation arrangements with the parties in conducting oil and gas activities - PT Pertamina EP (continued)

- **Unitisation Agreement** (continued)

Air Serdang Unit Agreement

On 22 July 1991, Canada Northwest Energy (South Sumatra) Ltd. (“CNESS”), Bow Valley Industries (Ogan Komering) Ltd (“BVI (OK)”) and PERTAMINA entered into Air Serdang Unitisation Agreement (the “Unitisation Agreement”) (collectively referred to as the “Parties”). BVI (OK) subsequently becomes Talisman (Ogan Komering) Ltd. (“Talisman”).

Talisman is appointed and agrees to act as Operator of the Unit as stated in the Unitisation Agreement.

As of the Effective Date, the Parties have united their interests in the Unit Reservoir and Unit Subtances whereby PT Pertamina EP has a Unit Participation Factor of 21.96% for oil and 19.93% for gas and Ogan Komering PSC Air Serdang will also have a Unit Participation Factor of 78.04% for oil and 80.07% for gas.

All Unit Expenses of whatsoever kind and nature incurred by the Unit Operator in performing of Unitisation Operations shall be changed to the Parties in accordance with the provisions of this Unitisation Agreement and shall be borne and paid by the Parties in proportion to their respective Unit Participation Factor.

d. PHE’s co-operation agreements with other parties are as follows:

- **Indonesian Participation Arrangements (IP)**

Through IP arrangements, the Company, as a State-Owned Enterprise, is offered a 10% working interest in PSCs at the time the first Plans of Development (POD) are approved by the Government of Indonesia, represented by BPMIGAS. The interest in the Jabung Block of 14.28% reflects the acquisition of an additional interest of 4.28% by the Company. The interest in the Tengah Block of 5% represents 10% of the 50% foreign contractor’s share. The Company assigned these IP interests to PHE’s Subsidiaries on 1 January 2008. As of 31 December 2011, PHE’s Subsidiaries’ IP partnership arrangements are as follows:

Partner	Working Area	Area	Effective Date of Contract	Production Commencement Date	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
ConocoPhillips (Grissik) Ltd. Talisman (Corridor) Ltd.	Corridor Block	South Sumatera	20/12/2003	1/8/1987	19/12/2023	10%	Oil and gas	20 years
Star Energy (Kakap) Ltd. Singapore Petroleum Co. Ltd. Premier Oil Kakap BV	Kakap Block	Natuna Archipelago	22/3/2005	1/1/1987	21/3/2028	10%	Oil and gas	23 years

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's co-operation agreements with other parties are as follows: (continued)

- **Indonesian Participation Arrangements (IP)** (continued)

Partner	Working Area	Area	Effective Date of Contract	Production Commencement Date	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
Petrochina International Kepala Burung Ltd. Lundin Indonesia BV Pearl Oil Ltd.	Kepala Burung Block	Papua	15/10/2000	7/10/1996	14/10/2020	10%	Oil and gas	20 years
Petrochina International Jabung Ltd. Petronas Carigali Sdn. Bhd.	Jabung Block	Jambi	27/2/1993	13/9/1996	26/2/2023	14.28%	Oil and gas	30 years
Chevron Makassar Ltd.	Makassar Strait Block	East Kalimantan	26/1/1990	1/7/2000	25/1/2020	10%	Oil and gas	30 years
Total E&P Indonesie Inpex Co.	Tengah Block	East Kalimantan	5/10/1988	27/11/2007	4/10/2018	5%	Oil and gas	30 years

- **Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas**

1. **Oil and gas**

As of 31 December 2011, Oil and Gas partnership arrangements which have been signed are as follows:

Partner	Working Area	Area	Effective Date of Contract	Production Commencement Date	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
PT Bumi Siak Pusako	Coastal Plain Pekanbaru Block	Riau	6/8/2002	6/8/2002	5/8/2022	50%	Oil	20 years
StatOil Indonesia Karama AS	Karama Block	Makassar Strait	21/3/2007	-	20/3/2037	49%	-	30 years
Petrochina International Java Ltd. PT PHE Tuban East Java	Tuban Block	East Java	29/2/1988	12/2/1997	29/2/2018	25%	Oil and gas	30 years
Kodeco Energy Co. Ltd.	West Madura Block*	East Java	7/5/2011	27/9/1984	6/5/2031	80%	Oil and gas	20 years

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's co-operation agreements with other parties are as follows: (continued)

- **Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas** (continued)

1. Oil and gas (continued)

Partner	Working Area	Area	Effective Date of Contract	Production Commencement Date	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
CNOOC SES Ltd. Korea National Oil Corporation Talisman Resources Ltd. Talisman UK Ltd. Orchard Energy Ltd. Fortuna Resources Ltd.	Offshore South East Sumatera Block	South East Sumatera	6/9/1998	1975	5/9/2018	13.07%	Oil and gas	20 years
CNOOC ONWJ Ltd. Orchard Energy Java BV (Salamander) Talisman Resourcess (N.W Java) Ltd.	Offshore North West Java Block*	West Java	19/1/1997	27/8/1971	18/1/2017	53.25%	Oil and gas	20 years
Petronas Carigali Sdn. Bhd. Petrovietnam	Randu Gunting Block*	Central & East Java	9/8/2007	-	8/8/2037	40%	-	30 years
Konsorsium Murphy (Murphy Oil Corporation, Inpex Corporation and PTTEP Ltd.)	Semai II Offshore Block	West Papua	13/11/2008	-	12/11/2038	15%	-	30 years
Petronas Carigali Sdn. Berhad	West Glagah Kambuna Block	North Sumatera	30/11/2009	-	29/11/2039	40%	-	30 years

* PHE's Subsidiaries are the operator of the these blocks

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's co-operation agreements with other parties are as follows: (continued)

- **Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas** (continued)

2. Coal Bed Methane

As of 31 December 2011, the following contracts for Coal Bed Methane exploration activities have been signed:

PSC Partner	Working Area	Area	Effective Date of Contract	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
PT Energi Pasir Hitam Indonesia	Sangatta I Block	East Kalimantan	13/11/2008	12/11/2038	52%	Coal Bed Methane	30 years
PT Visi Multi Artha	Sangatta II Block	East Kalimantan	5/5/2009	4/5/2039	40%	Coal Bed Methane	30 years
Arrow Tanjung Enim Pty., Ltd. PT Bukit Asam Metana Enim	Tanjung Enim Block	South Sumatera	4/8/2009	3/8/2039	55%	Coal Bed Methane	30 years
PT Trisula CBM Energy	Muara Enim Block	South Sumatera	30/11/2009	29/11/2039	60%	Coal Bed Methane	30 years
Konsorsium KP SGH Batubara (PT Indo Gas Methan)	Muara Enim I Block	South Sumatera	3/12/2010	2/12/2040	65%	Coal Bed Methane	30 years
None	Tanjung II Block	South Kalimantan	3/12/2010	2/12/2040	100%	Coal Bed Methane	30 years
Indo CBM Sumbagsel 2 Pte. Ltd. PT Metana Enim Energi	Muara Enim II Block	South Sumatera	1/4/2011	31/3/2041	40%	Coal Bed Methane	30 years
BP Tanjung IV Ltd.	Tanjung IV Block	South Kalimantan	1/4/2011	31/3/2041	56%	Coal Bed Methane	30 years
PT Baturaja Metana Indonesia	Muara Enim III Block	South Sumatera	1/4/2011	31/3/2041	73%	Coal Bed Methane	30 years
PT Suban Energi	Suban I Block	South Sumatera	1/8/2011	31/7/2041	58%	Coal Bed Methane	30 years
PT Suban Metana Gas	Suban II Block	South Sumatera	1/8/2011	31/7/2041	50%	Coal Bed Methane	30 years

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's co-operation agreements with other parties are as follows: (continued)

- **Joint Operating Body-Production Sharing Contracts (JOB-PSC)**

In a JOB-PSC, operations are conducted by a joint operating body between PHE's Subsidiaries and contractors. The PHE Subsidiaries's share of expenditures is paid in advance by the contractors and repaid by the PHE's Subsidiaries out of its share of crude oil and natural gas production, with a 50% uplift. After all expenditures are repaid, the crude oil and natural gas production is divided between the PHE's Subsidiaries and the contractors based on their respective percentages of participation in the JOB-PSC. The contractors' shares of crude oil and natural gas production is determined in the same manner as for a PSC.

JOB-PSC Partner	Working Area	Area	Effective Date of Contract	Date of Commencement of Production	Date of End of Contract	Percentage of Participation	Production	Contract Period
Golden Spike Indonesia Ltd.	Raja and Pendopo Block	South Sumatera	6/7/1989	21/11/1992	5/7/2019	50%	Oil and gas	30 years
Petrochina Kepala Burung Ltd. Lundin Indonesia BV Pearl Oil Ltd.	Salawati Block	Papua	23/4/1990	21/1/1993	22/4/2020	50%	Oil	30 years
Petrochina International Java Ltd. PT PHE Tuban	Tuban Block	East Java	29/2/1988	12/2/1997	29/2/2018	50%	Oil and gas	30 years
Costa International Group Ltd.	Gebong Block	North Sumatera	29/11/1985	29/10/1992	28/11/2015	50%	Oil and gas	30 years
Talisman (Ogan Komering) Ltd.	Ogan Komering Block	South Sumatera	29/2/1988	11/7/1991	28/2/2018	50%	Oil and gas	30 years
Talisman Jambi Merang Pacific Oil and Gas Ltd.	Jambi Merang Block	Jambi	10/2/1989	-	9/2/2019	50%	Oil and gas	30 years
PT Medco E&P Tomori Sulawesi	Senoro Toili Block	Central Sulawesi	4/12/1997	August 2006	30/11/2027	50%	Oil	30 years
Medco Simenggaris Pty., Ltd. Salamander Energy Ltd.	Simenggaris Block	East Kalimantan	24/2/1998	-	23/2/2028	37.5%	-	30 years

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's co-operation agreements with other parties are as follows: (continued)

- **Pertamina Participating Interests (PPI)**

Effective in 2008, through PPI arrangements, PHE owns working interests in contracts similar to JOB-PSC contracts. The remaining working interests are owned by the contractors which act as the operators. PHE's share of expenses is either funded by PHE on a current basis, or paid in advance by the contractors and repaid by PHE out of PHE's share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production is divided between PHE and the contractors based on their respective percentages of participation in the PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as in the PSC. As of 31 December 2011, PHE's PPI partnership arrangements are as follows:

PPI Partner	Working Area	Area	Effective Date of Contract	Date of Commencement of Production	Expiry Date of Contract	Percentage of Participation	Production	Contract Period
ConocoPhillips (South Jambi) Ltd. Petrochina International Jambi B Ltd.	B Block	South Jambi	26/1/1990	26/9/2000	25/1/2020	25%	Oil and gas	30 years
Total E&P Indonesie Inpex Tengah Ltd.	Tengah Block	East Kalimantan	5/10/1988	1/6/1990	4/10/2018	50%	Gas	30 years

- **Foreign oil and gas contract interests**

As of 31 December 2011, PHE and PHE's Subsidiaries directly and indirectly held foreign crude oil and natural gas PSC interests as follows:

Name of JOC	JOC Partners	Working Area	Area	Effective Date of Contract	Production Commencement Date	Percentage of Participation	Contract Production	Period
Petronas Carigali Pertamina Petrovietnam Operating Company Sdn. Bhd (PCPP)	Petronas Carigali Sdn. Bhd. Petrovietnam	Offshore Sarawak Block (SK 305)*	Malaysia	16/6/2003	26/7/2010	30%	Oil and gas	29 years
Basker Manta Gummy (BMG)	ROC Oil Pty. Ltd. Beach Petroluem Ltd. CIECO EP (Australia) Pty. Ltd. Sojitz Energy Australia Pty. Ltd. Anzon, Australia.Pty. Ltd.	Vic/L26, Vic/L27, Vic/L28	Australia	30/11/2005 3/8/2007 3/8/2007	December 2006	10% 10% 10%	Oil	License License License

* This block is Joint Operating Contract ("JOC")

(Expressed in millions of Rupiah, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

e. The Company's directly held foreign oil and gas PSC interests

The Company, as a State-Owned Enterprise, owns working interests in PSCs entered into among State-Owned Enterprises in certain countries. The Company's share of oil and gas production is determined in accordance with the respective PSCs.

As of 31 December 2011, the Company's directly held foreign oil and gas PSCs or similar interests are as follows:

Name of JOC	JOC Partners	Working Area	Country	Effective Date of Contract	Date of Commencement of Production	Percentage of Participation	Production	Contract Period
CONSON Joint Operating Company (CONSON JOC)	Petronas Carigali Petrovietnam	Offshore Block 10, 11 Vietnam	Vietnam	8/1/2002	-	30%	-	30 years
Coral Petroleum Operating Company Ltd.	CNPC, Sudapet Dindir Petroleum, Africa Energy, Express Petroleum & Gas Co. Ltd.	Block 13, Sudan	Sudan	26/6/2007	-	15%	-	20 years
Wintershall Holding GmbH	Wintershall AG and Cosmo Energy E&D Ltd.	Block 3, State of Qatar	Qatar	24/10/2007	-	25%	-	25 years
Pertamina EP Libya Ltd.	-	Block 123 Sirte onshore	Libya	10/12/2005	-	100%	-	Exploration 5 years
Pertamina EP Libya Ltd.	-	Block 17-3 Sabratah offshore	Libya	10/12/2005	-	100%	-	Exploration 5 years

44. GEOTHERMAL WORKING AREAS

Since 1974, the former Pertamina Entity was assigned geothermal working areas in Indonesia based on various decision letters issued by the Minister of Mines and Energy. In accordance with PP No. 31 Year 2003, all rights and obligations arising from contracts and agreements of the former Pertamina Entity with third parties, so long as these are not contrary to Law No. 22 Year 2001, were transferred to the Company effective as of 17 September 2003. The Company assigned its geothermal working areas to PGE effective as of 1 January 2007.

44. GEOTHERMAL WORKING AREAS (continued)

As of 31 December 2011, PGE's geothermal working areas are as follows:

a. Own Operations

Working Area	Location	Field Status	Contractor
Sibayak-Sinabung	Sibayak, North Sumatera	Production	PT Pertamina Geothermal Energy
Sungai Penuh	Sungai Penuh, Jambi	Development	PT Pertamina Geothermal Energy
Tambang Sawah - Hululais	Hululais, Bengkulu	Development	PT Pertamina Geothermal Energy
Lumut Balai	Lumut Balai, South Sumatera	Development	PT Pertamina Geothermal Energy
Kamojang-Darajat	Kamojang, West Java	Production	PT Pertamina Geothermal Energy
Karaha-Cakrabuana	Karaha, West Java	Development	PT Pertamina Geothermal Energy
Iyang Argopuro	Argopuro, East Java	Exploration	PT Pertamina Geothermal Energy
Lahendong	Lahendong, North Sulawesi	Production	PT Pertamina Geothermal Energy
Kotamobagu	Kotamobagu, North Sulawesi	Development	PT Pertamina Geothermal Energy
Ulubelu	Ulubelu, Lampung	Development	PT Pertamina Geothermal Energy

b. Joint Operating Contracts (JOCs)

JOCs involve geothermal activities in PGE's working areas that are conducted by third parties. In accordance with the JOCs, PGE is entitled to receive production allowances from the JOC contractors at the rate of 2.66% for the Darajat JOC and 4% for the Salak, Wayang Windu, Sarulla and Bedugul JOCs of the JOC contractors' annual net operating income as calculated in accordance with the JOCs.

As of 31 December 2011, PGE's JOCs are as follows:

Working Area	Location	Field Status	Contractor
Sibualbuali	Sarulla, North Sumatera	Development	PT Perusahaan Listrik Negara (Persero)
Cibeureum - Parabakti	Salak, West Java	Production	Chevron Geothermal Salak Ltd
Pangalengan	Wayang Windu, West Java	Production	Star Energy Geothermal (Wayang Windu) Ltd
Kamojang-Darajat	Darajat, West Java	Production	Chevron Geothermal Indonesia Ltd
Tabanan/Bedugul	Bedugul, Bali	Development	Bali Energy Ltd

PGE's income from geothermal activities is subject to tax (Government share) at the rate of 34%.

45. GOVERNMENT AUDIT

The Company

In accordance with Section 8.1 and Article 3.2 of the Exhibit C of the Pertamina Petroleum Contract, the Company included the depreciation of oil and gas assets owned by the former Pertamina Entity as recoverable costs for the period from 17 September 2003 through 16 September 2005. However, as disclosed in Note 17e, according to the Minister of Finance Decree No. 92/KMK.06/2008 dated 2 May 2008, the status of assets previously owned by the former Pertamina Entity which were not recognised in the Company's opening balance sheet represent state-owned assets (BMN) leased to the Company for the period from 17 September 2003 to 16 September 2005. Accordingly, adjustments are required to recognise the impact of the related depreciation of such assets previously claimed as recoverable costs by the Company in the period from 17 September 2003 through 16 September 2005.

BPK, BPMIGAS and BPKP audit findings for the Company for the period from 2003 through 2005 excluded the depreciation of the assets owned by the former Pertamina Entity as at 16 September 2003 from recoverable costs, resulting in an increase in the Company's and the Government's equity share of oil and gas production and an increase in corporate income and dividend tax payable by the Company. The Company has accepted the position as per BPK's, BPMIGAS's and BPKP's audit findings in relation to this issue.

As at 31 December 2011, the Company has settled its portion of the liability to the Government, except for the settlement of the Company's corporate and dividend tax obligation based on the BPK's audit findings of US$310,311,000 which is pending the outcome of the Company's appeal in relation to the overpayment of the Company's corporate income tax for the period from 17 September 2003 through 31 December 2005.

Audit of reimbursement of costs subsidy for certain fuel (BBM) products and LPG 3 kg cylinders

As of the completion date of these consolidated financial statements, reimbursement of the costs subsidy for certain fuel (BBM) products and LPG 3 kg cylinders for the year ended 31 December 2011 is still being audited by BPK. Management believes that the audit results will not have a material impact on the Company's financial position and cash flows.

PT Pertamina EP

The accounting policies specified in the Cooperation Contract are subject to interpretation by BPMIGAS and the Government. Annually, the accounting records and reports of PT Pertamina EP are subject to audit by BPMIGAS and/or the Government. Claims arising from these audits are either agreed upon by the management of PT Pertamina EP and recorded in its accounting records or are discussed with BPMIGAS and/or the Government. Resolution of the claims may require a lengthy negotiation process.

a. Audit by BPMIGAS

At the balance sheet date, PT Pertamina EP has no outstanding claim. All claims from audit findings for the audit period 2008-2009 by BPMigas have been resolved either in the form of corrections, explanations, or data. As for the audit period 2010, BPMIGAS has completed its audit fieldwork but the audit findings is yet to be delivered.

(Expressed in millions of Rupiah, unless otherwise stated)

45. GOVERNMENT AUDIT (continued)

PT Pertamina EP (continued)

b. Audit by BPK and BPKP

BPK on behalf of the Government, conducted an audit of PT Pertamina EP's accounting records and bookkeeping. At the balance sheet date, audit of 2009 period has been completed with the approval of the detailed study of the imposition of central office overhead expenses by BPMIGAS. As for the audit period in 2010 with the findings of a correction value of US$5,407,689 and PPs and PBDR deposit of US$1,232,852, all have been completed followed by PT Pertamina EP (booked on 2011).

Based on the assignment from the Monitoring Director of the Ministry of Finance Oil and Gas Business Entity, in 2011, Badan Pengawasan Keuangan dan Pembangunan ("BPKP") has performed the review on calculation and settlement on liabilities of Pertamina to determine the amount of right and/or obligation of Pertamina and its Subsidiaries, including PT Pertamina EP. As of the date of these financial statements, the result of the review is in discussion process.

Based on a review of the status of the claims by BPMIGAS and BPK, management is in the opinion that the claims will be settled with a favourable result to the Company.

46. ACTIVITIES NOT AFFECTING CASH FLOWS

	2011	2010	2009
Offset of conversion account (amount due to the Government for its share of Indonesian crude oil production supplied to the Company's refineries) against trade receivables from PLN, subsidy trade receivables from Indonesian Armed Forces/Police and reimbursementof costs subsidy for LPG 3 kg cylinders (Note 17a)	31,745,800	62,024,034	53,285,332
Offset of receivables for reimbursements of costs subsidy for certain fuel (BBM) products against balances due to the Government (conversion account and dividend) (Note 9a)	21,184,243	56,703,352	36,389,626
Offset of PT Pertamina EP's DMO fees receivables with Company's payable to the Government related to Government's portion for crude oil export	1,813,662	-	-
Oil and gas property additions resulting from capitalisation of decommissioning costs and site restoration cost	1,408,519	56,481	251,082
Offset of PT Pertamina EP's DMO fees receivables and the Company's marketing fee receivable with Company's payable to the Government related to Government's portion for natural gas and LPG	1,391,560	4,631,233	-
Increase in fixed asset from finance lease assets	1,009,577	1,537,431	1,183,555

(Expressed in millions of Rupiah, unless otherwise stated)

46. ACTIVITIES NOT AFFECTING CASH FLOWS (continued)

	2011	2010	2009
Fixed asset additions resulting from capitalisation of borrowing costs (Note 12)	142,518	56,271	100,143
Oil and gas property additions resulting from capitalisation of borrowing costs (Note 13)	94,758	23,014	53,520
Reclassification of other assets to long-term investments	481	12,719	-
Offset of PT Pertamina EP's underlifting and DMO fees receivable with Company's payable to the Government related to Karaha Bodas Company case	-	2,995,897	-
Offset of reimbursement of costs subsidy for LPG 3 kg cylinders and trade receivables from PLN with Company's payable to the Government related to dividend advances	-	4,792,229	905,579
Adjustment to DPPU assets	-	7,713	558,890
Deductions in oil & gas and geothermal properties as a result of revision in the provision for decommissioning and site restoration cost	-	-	698,316

47. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The information given below relates to the Group's financial assets and liabilities by category:

	Total	Fair value through profit or loss	Available-for-sale	Loans and receivables	Held to maturity
31 December 2011					
Financial assets					
Cash and cash equivalents	29,011,482	-	-	29,011,482	-
Restricted funds - net	1,160,782	-	-	1,160,782	-
Short-term investments	1,540,045	655,312	173,278	711,455	-
Trade receivables	32,116,707	-	-	32,116,707	-
Due from the Government	17,282,499	-	-	17,282,499	-
Other receivables	1,233,736	-	-	1,233,736	-
Long-term investments	2,758,233	-	240,956*	-	2,517,277
Reimbursable VAT	1,176,781	-	-	1,176,781	-
Other assets	1,878,837	-	-	1,878,837	-
Total financial assets	**88,159,102**	**655,312**	**414,234**	**84,572,279**	**2,517,277**

* Investment in equity with no quoted market price

(Expressed in millions of Rupiah, unless otherwise stated)

47. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Total	Fair value through profit or loss	Other financial liabilities
31 December 2011			
Financial liabilities			
Short-term loans	(26,506,635)	-	(26,506,635)
Trade payables	(37,470,057)	-	(37,470,057)
Due to the Government	(24,279,784)	-	(24,279,784)
Accrued expenses	(7,978,066)	-	(7,978,066)
Other payables	(2,158,165)	-	(2,158,165)
Long-term liabilities	(21,897,472)	-	(21,897,472)
Bonds payable	(13,291,066)	-	(13,291,066)
Other non-current payables	(808,952)	-	(808,952)
Total financial liabilities	**(134,390,197)**	**-**	**(134,390,197)**

31 December 2010	Total	Fair value through profit or loss	Available-for-sale	Loans and receivables	Held to maturity
Financial assets					
Cash and cash equivalents	21,009,169	-	-	21,009,169	-
Restricted funds - net	2,929,603	-	-	2,929,603	-
Short-term investments	1,699,912	361,481	140	1,338,291	-
Trade receivables	20,150,869	-	-	20,150,869	-
Due from the Government	13,366,485	-	-	13,366,485	-
Other receivables	6,595,354	-	-	6,595,354	-
Long-term investments	3,395,197	-	142,607*	-	3, 252,590
Reimbursable VAT	1,480,828	-	-	1,480,828	-
Other assets	1,243,318	-	-	1,243,318	-
Total financial assets	**71,870,735**	**361,481**	**142,747**	**68,113,917**	**3,252,590**

* Investment in equity with no quoted market price

(Expressed in millions of Rupiah, unless otherwise stated)

47. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Total	Fair value through profit or loss	Other financial liabilities
31 December 2010			
Financial liabilities			
Short-term loans	(19,258,272)	-	(19,258,272)
Trade payables	(32,537,497)	-	(32,537,497)
Due to the Government	(20,632,434)	-	(20,632,434)
Accrued expenses	(5,309,251)	-	(5,309,251)
Other payables	(2,340,004)	-	(2,340,004)
Long-term liabilities	(24,777,086)	-	(24,777,086)
Other non-current payables	(761,996)	-	(761,996)
Total financial liabilities	**(105,616,540)**	**-**	**(105,616,540)**

	Total	Fair value through profit or loss	Available-for-sale	Loans and receivables	Held to maturity
31 December 2009					
Financial assets					
Cash and cash equivalents	14,787,234	-	-	14,787,234	-
Restricted funds - net	2,993,622	-	-	2,993,622	-
Short-term investments	1,565,829	230,807	53,862	1,281,160	-
Trade receivables	27,332,608	-	-	27,332,608	-
Due from the Government	19,901,312	-	-	19,901,312	-
Other receivables	1,441,599	-	-	1,441,599	-
Long-term investments	4,771,578	-	324,347*	-	4,447,231
Reimbursable VAT	1,524,661	-	-	1,524,661	-
Other assets	4,395,766	-	-	4,395,766	-
Total financial assets	**78,714,209**	**230,807**	**378,209**	**73,657,962**	**4,447,231**

* Investment in equity with no quoted market price

(Expressed in millions of Rupiah, unless otherwise stated)

47. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Total	Fair value through profit or loss	Other financial liabilities
31 December 2009			
Financial liabilities			
Short-term loans	(14,760,559)	-	(14,760,559)
Trade payables	(22,388,545)	-	(22,388,545)
Due to the Government	(36,198,316)	-	(36,198,316)
Accrued expenses	(6,718,504)	-	(6,718,504)
Other payables	(2,662,658)	-	(2,662,658)
Long-term liabilities	(24,300,705)	-	(24,300,705)
Other non-current payables	(674,779)	-	(674,779)
Total financial liabilities	**(107,704,066)**	**-**	**(107,704,066)**

48. BUSINESS RISKS

PT Pertamina EP's, PT Pertamina EP Cepu's and PHE's operations are subject to hazards and risks inherent in drilling and production and transportation of oil and gas, such as fires, natural disasters, explosions, encountering abnormal forces, blowouts, cracking, pipeline ruptures and spills, which can result in the loss of hydrocarbons, environmental pollution, work accidents and other damage to those companies' properties. Oil and 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. In order to mitigate the financial impact of possible operational hazards, insurance coverage is maintained against some, but not all, potential losses. Insurance coverage for 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 worker's compensation insurance.

49. RISK MANAGEMENT POLICY

The Group's activity expose them to a variety of risks. The Group's overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Group's Board of Directors, specifically the Risk Management Committee (the Committee), Risk Management Unit and Risk Taking Unit, to identify, assess, mitigate and monitor the risks, where considered appropriate. The Committee provides principles for overall risk management, including strategic risk, operational risk and financial risk.

Financial risk includes market, credit and liquidity risks.

49. RISK MANAGEMENT POLICY (continued)

a. Market risk

Market risk is the risk of potential loss due to the change in value of the market risk factors. The market risk factors are interest rates, foreign exchange rates and commodity prices

(i) Foreign exchange risk

The Group's revenue is denominated in Indonesian Rupiah, while the majority of these operating expenditures, which are for crude oil and oil products procurement, are denominated in US Dollars. As such the Group has exposure to fluctuations in foreign exchange rates. The Group mitigates the foreign exchange risk naturally by effective cash flow management.

(ii) Commodity price risk

The volatility in prices of crude oil, natural gas and refined products and the uncertainty of the market dynamics for oil and gas could adversely affect the Group's business, financial conditions and results of operations.

The Group's profitability is significantly affected by the prices of, and demand for, crude oil, natural gas and refined products, the difference between the prices received for the crude oil, natural gas and refined products they produce and the costs of exploring for, developing, producing, transporting and selling crude oil, gas and refined products. The international and domestic markets for crude oil and refined products are volatile, and have recently been characterised by significant price fluctuations. The volatility of the market prices of crude oil, natural gas and refined products is subject to a variety of factors beyond the Group's controls. 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, Iran and Iraq), Latin America and Western Africa;
- The ability of the Organisation of Petroleum Exporting Countries (OPEC) and other petroleum-producing nations to set and maintain production levels and therefore influence market prices;
- 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, and crude oil, natural gas and refined products pricing policies in Indonesia;
- Fluctuations in exchange rates between the US Dollar and the Rupiah;
- The level and scope of activity of global oil and natural gas exploration and production, global oil and natural gas inventories, oil speculators and other commodity market participants;
- Weather conditions and seasonality;
- Change in pricing policies of competitors and the Government; and
- Overall global, domestic and regional economic conditions.

(Expressed in millions of Rupiah, unless otherwise stated)

49. RISK MANAGEMENT POLICY (continued)

a. Market risk (continued)

(ii) Commodity price risk (continued)

The Group mitigate the risk naturally by commodity procurement management using the Crude Oil Management System (COMS) to acquire competitive crude prices to support production of petroleum products with the most optimum results.

(iii) Interest rate risk

The Group is exposed to interest rate risk due to their financial position. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group monitor interest rates to minimise any impact on the Group's financial position.

	31 December 2011					
	Floating rate		Fixed rate			
	Less than one year	More than one year	Less than one year	More than one year	Non-interest bearing	Total
Assets						
Cash and cash equivalents	21,043,773	-	7,923,831	-	43,878	29,011,482
Restricted funds - net	82,959	-	1,077,823	-	-	1,160,782
Short-term investments	-	-	711,455	-	828,590	1,540,045
Trade receivables	-	-	-	-	32,116,707	32,116,707
Due from the Government	-	-	-	-	17,282,499	17,282,499
Other receivables	-	-	-	-	1,233,736	1,233,736
Long-term investments	1,000,000	1,000,000	-	517,277	240,956	2,758,233
Reimbursable VAT	-	-	-	-	1,176,781	1,176,781
Other assets	-	-	-	126,549	1,752,288	1,878,837
Total financial assets	**22,126,732**	**1,000,000**	**9,713,109**	**643,826**	**54,675,435**	**88,159,102**
Liabilities						
Short-term loans	(26,506,635)	-	-	-	-	(26,506,635)
Trade payables	-	-	-	-	(37,470,057)	(37,470,057)
Due to the Government	-	-	(2,460,503)	(1,898,556)	(19,920,725)	(24,279,784)
Accrued expenses	-	-	-	-	(7,978,066)	(7,978,066)
Other payables	-	-	-	-	(2,158,165)	(2,158,165)
Long-term liabilities	(5,297,980)	(12,301,356)	(806,622)	(3,491,514)	-	(21,897,472)
Bonds payable	-	-	-	(13,291,066)	-	(13,291,066)
Other non-current payables	-	-	-	-	(808,952)	(808,952)
Total financial liabilities	**(31,804,615)**	**(12,301,356)**	**(3,267,125)**	**(18,681,136)**	**(68,335,965)**	**(134,390,197)**

49. RISK MANAGEMENT POLICY (continued)

b. Credit risk

As of 31 December 2011, the Group owned trade receivables of Rp32,116,707, which approximately 61 percent was owed by related parties. The largest trade receivable balance was due from PT Perusahaan Listrik Negara (Persero) (PLN) and its Subsidiaries in the amount of Rp13,868,977.

The Company has the credit risk exposure from significant account receivables as follows:

a. The assignment for the procurement and distribution of LPG 3 kg cylinders mandated by the Minister of Energy and Mineral Resources. The receivable balance from the Government's kerosene conversion as of 31 December 2011 was Rp2,610,703. As of 31 December 2011, the maximum credit risk exposure from that amount was Rp250,935.

b. Receivables from the Indonesian Armed Forces/Police as of 31 December 2011 were Rp3,886,043. The maximum credit risk exposure from those receivables were Rp3,569,578.

c. Receivable from PT Trans Pacific Petrochemical Indotama as of 31 December 2011 was Rp5,059,095. The maximum credit risk exposure from that balance was RpNil.

The top ten debtors are PLN and its Subsidiaries, TNI/POLRI, ConocoPhillips Company, PTT Public Company Limited, PetroChina Group, Petronas Trading Corporation Sdn Bhd, Mitsui Oil (Asia) Pte. Ltd., PT Pamapersada Nusantara, PT Lion Mentari Airlines and Vitol Asia Pte. Ltd.

The Group's outstanding trade receivables are not all covered by collateral or credit insurance. Provisions are made for commercial trade receivables based on receivable analysis at the end of accounting period. The Group has procedures to monitor and limit their exposure to the credit risk on outstanding trade receivables for commercial entities.

c. Liquidity risk

The amount of liquidity which the Group requires for its operations is uncertain and its operations may be adversely affected if the Group do not have sufficient working capital to meet their cash and operational requirements. This may occur as a result of, amongst other reasons, delays in the payment of the Government's subsidies.

The Group use significant amounts of cash in their operations, primarily to procure commodities and raw materials. In particular, one of their principal operating costs is the acquisition of feedstock for their refineries. Volatility in market prices for crude oil, natural gas and their refined products and fluctuations in exchange rates cause working capital and costs for the Group upstream and downstream operations to be uncertain.

The Group fund their operations principally through cash flow from operations, a significant portion of which comprises sales, subsidy payments, short-term working capital facilities (including bank overdrafts, L/Cs and revolving credits) and long-term bank loans. In accordance with the terms of PSO's mandate, the Group are required to submit their claim for subsidy to the Government at the end of each month for the subsidised fuel distributed in that month.

(Expressed in millions of Rupiah, unless otherwise stated)

49. RISK MANAGEMENT POLICY (continued)

c. Liquidity risk (continued)

As of 31 December 2011, the Group had cash and cash equivalents in the amount of Rp29,011,482. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of trade receivables and trade payables.

	31 December 2011			
	Less than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Financial liabilities				
Short-term loans	(26,506,635)	-	-	(26,506,635)
Trade payables	(37,470,057)	-	-	(37,470,057)
Due to the Government	(22,381,228)	(507,940)	(1,390,616)	(24,279,784)
Accrued expenses	(7,978,066)	-	-	(7,978,066)
Other payables	(2,158,165)	-	-	(2,158,165)
Long-term liabilities	(6,104,602)	(14,510,929)	(1,281,941)	(21,897,472)
Bonds payable	-	-	(13,291,066)	(13,291,066)
Other non-current payables	(808,952)	-	-	(808,952)
Total financial liabilities	**(103,407,705)**	**(15,018,869)**	**(15,963,623)**	**(134,390,197)**

d. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consist of share capital, retained earnings, non-controlling interests and other equity components. The Board of Directors monitors the return on capital as well as the level of dividends.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a debt-to-equity ratio of 56.22%. Meanwhile, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 3.91% (2010: 4.30%; 2009: 3.60%)

The Group's debt to equity ratio at the reporting date was as follows:

	2011	2010	2009
Total liabilities (with interest bearing)	66,054,232	48,107,930	42,842,676
Total equity attributable to owners of the parent	117,682,507	104,078,384	142,154,752
Debt-to-equity ratio	56.13%	46.22%	30.14%

(Expressed in millions of Rupiah, unless otherwise stated)

49. RISK MANAGEMENT POLICY (continued)

e. Fair value

Fair value is the amount for which an asset could be exchanged or liability settled between knowledgeable and willing parties in an arm's length transaction.

The Company's current financial assets and liabilities are expected to be realised or settled in the near term. Therefore, their carrying amounts approximate to their fair value.

The table below describes the carrying amounts and fair value of long-term financial liabilities that are not presented by the Group at fair value as of 31 December 2011:

	Carrying amount	Fair value
Long-term liabilities (Note 19)	21,897,472	21,221,578
Bonds payable (Note 20)	13,291,066	13,780,239

The fair value of long-term liabilities is measured using the discounted cash flows based on the interest rate on the latest long-term liabilities entered by the Company. The fair value of bonds payable is estimated using the quoted market price at balance sheet date.

50. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Cooperation Contract Commitment

In accordance with the Cooperation Contract, PT Pertamina EP shall surrender a minimum of 10% of the original contract area to the Government through BPMIGAS on or before the end of the tenth year from the effective date of the Cooperation Contract.

PT Pertamina EP is required to pay a bonus to the Government amounting to US$500,000 in 30 days after cumulative production of oil and gas reaches 500 MMBOE from the effective date of the Cooperation Contract, US$1,000,000 in 30 days after cumulative production of oil and gas reaches 1,000 MMBOE from the effective date of the Cooperation Contract and US$1,500,000 in 30 days after cumulative production of oil and gas reaches 1,500 MMBOE from the effective date of the Cooperation Contract.

PT Pertamina EP's cumulative production of oil and gas up to 31 December 2011 had exceeded 1,500 MMBOE. As at 31 December 2011, PT Pertamina EP had not paid and accrued the bonuses, and was waiting for the invoice from the Government through BPMIGAS.

b. Capital Expenditures

The Group has capital expenditure commitments in the normal course of business.

As of 31 December 2011, the Group's total outstanding capital expenditure commitments was Rp30,983,747.

50. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Gas Sale and Purchase Agreements

As of 31 December 2011, PT Pertamina EP had various commitments to deliver gas amounting to 2,374,231 MMBTU to various buyers. The gas will be periodically delivered from 2012 until 2026.

As of 31 December 2011, PHE had various significant gas supply agreements to various buyers, with gas value of each contract between 8,030 MMBTU to 231,000,000 MMBTU (net PHE's share). The expiration year of those agreements range from 2012 to 2028.

d. Legal Cases

In the normal course of business, the Group is a party to various legal actions in relation to compliance with contracts, agreements, Government regulations and the tax law. As of the completion date of these consolidated financial statements, the possible losses arising from various legal actions cannot be determined.

1. PT Lirik Petroleum

The Company and PT Pertamina EP, a Subsidiary, are defendants in a legal suit instituted by PT Lirik Petroleum (Lirik) in relation to a dispute involving rights to operate oil and gas blocks located in Pulai Utara and Pulai Selatan, Riau Province.

On 17 May 2006, Lirik brought the legal suit to the International Chamber of Commerce (ICC) in Paris, France, on the basis that there was a violation of its rights under the Enhanced Oil Recovery (EOR) contract, since Lirik's request for approval for commercial operations of the oil and gas blocks had been rejected. According to the ICC's decision No.14387/JB/JEM dated 27 February 2009, the defendants are obliged to pay compensation of US$34,495,428 (full amount) and interest at 6% per annum from the date of registration of the final award by the ICC until the date of payment.

Accordingly, the Company has recognised a provision for such compensation in its consolidated financial statements as of 31 December 2011, 2010 and 2009.

On 11 May 2009, the Company and PT Pertamina EP filed an appeal to the Central Jakarta District Court requesting the cancellation of the above ICC decision. On 3 September 2009, the Central Jakarta Disctrict Court rejected the Company's and PT Pertamina EP appeal. On 28 September 2009, the Company and PT Pertamina EP lodged an appeal in relation to the Central Jakarta Distric Court's Decision to the Supreme Court. On 9 June 2010, the Supreme Court rejected the Company and PT Pertamina EP appeal and requested that the Company and PT Pertamina EP's comply with the ICC's decision .

The Company and PT Pertamina EP filed a judicial review to the Supreme Court on 20 December 2010. Based on a notification letter received by the Company (which has not yet been received by PT Pertamina EP) such petition of reconsideration has been rejected by the Supreme Court.

50. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Legal Cases (continued)

1. PT Lirik Petroleum (continued)

An appeal refusing the execution of ICC'S decision regarding PT Lirik Petroleum

On 16 November 2009, the Company and PT Pertamina EP filed an appeal refusing the execution (partij verzet) of ICC's decision involving Lirik to the Central Jakarta District Court. On 15 April 2010 the Central Jakarta District Court rejected the Company and PT Pertamina EP's appeal. Based on this decision, the Company and PT Pertamina EP lodged an appeal to the Jakarta High Court. On 5 April 2011, the Jakarta High Court issued a verdict that annulled the Central Jakarta District Court's verdict, thus the Arbitral Award's verdict is non-executable.

As a result of the Jakarta High Court's verdict, Lirik lodged an appeal and submitted a memorandum of appeal. The Company and PT Pertamina EP submitted the counter memorandum of appeal on 12 October 2011. As at the completion date of these consolidated financial statements, a decision letter from the Supreme Court in relation to this matter has not yet been received.

Legal claim to tort arbitration regarding PT Lirik Petroleum

The Company and PT Pertamina EP lodged a tort lawsuit against Lirik, ICC, Arbitral Tribunal and Lirik's lawyer to the South Jakarta District Court on 10 August 2009. The Central Jakarta District Court rejected the Company and PT Pertamina EP's appeal on 19 August 2010 and based on this decision the Company and PT Pertamina EP submitted an appeal to the Jakarta High Court. On 14 July 2011, the Jakarta High Court issued a verdict that annulled the South Jakarta District Court's verdict and declared that there was a tort in arbitration proceedings.

Furthermore, based on the Jakarta High Court's verdict, both Lirik and PT Pertamina EP lodge appeals and submitted memorandum of appeal. PT Pertamina EP filed the appeal on 16 August 2011 and submitted the memorandum of appeal on 24 August 2011. However, the Company submitted contra memorandum of appeal to both PT Pertamina EP and Lirik memorandum of appeal on 18 October 2011. As at the completion date of these consolidated financial statements, PT Pertamina EP has not yet received a decision letter from the Supreme Court about this matter.

2. Legal claim by former Naamlose Vennootschap Netherlandsche Nieuw Guinee Petroleum Maatchappij (NV NNGPM) employees

In 2008, a legal claim was submitted to the Sorong District Court against the Company and PT Pertamina EP by former employees of NV NNGPM, whose operation was taken over by one of the predecessor companies of the former Pertamina Entity in 1964. The plaintiff is claiming compensation for former employees of NV NNGPM in the amount of Rp2,621,952. The Sorong District Court issued a decision in favour of the plaintiff on 18 March 2009, requiring the Company and PT Pertamina EP to pay compensation of Rp2,372,952.

50. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Legal Cases (continued)

2. Legal claim by former Naamlose Vennootschap Netherlandsche Nieuw Guinee Petroleum Maatchappij (NV NNGPM) employees (continued)

   On 1 April 2009, the Company and PT Pertamina EP lodged an appeal against the decision of the Sorong District Court to the Jayapura High Court. On 23 October 2009, the Jayapura High Court issued a decision in favour of the plaintiff, requiring the Company and PT Pertamina EP to pay compensation of Rp1,724,242. On 30 November 2009 and 14 December 2009 the Company and PT Pertamina EP, respectively, lodged appeals to the Supreme Court against the decision of the Jayapura High Court. Furthermore, based on notification letter, the Supreme Court accepted such appeal and therefore, annulled the verdict of the Jayapura High Court.

   Since the Supreme Court's decision is in favour of the Company and PT Pertamina EP, management of the Company and PT Pertamina EP believe that settlement of the legal claim will not involve a significant amount, if any, and accordingly no provision has been recognised in these consolidated financial statements at 31 December 2011 in relation to this claim.

e. Onerous Contracts

The Company sells LPG of 12 kg and 50 kg cylinders to the public based on common business practice scheme. The Government is the in charge to set the ceiling price of the products. Including unavoidable costs, up to 31 December 2011, losses arising from sales of LPG 12 kg and 50 kg cylinders are Rp3,693,118.

However, the provision of this onerous contract can not be measured reliably as the uncertainty in the period of the assignment to sell LPG 12 kg and 50 kg cylinders.

The Company is engaged to the Government of the Republic Indonesia for the assignment of PSO to supply fuel products of Premium, Solar and Kerosene. The Company and Government agreed to use MOPS as the basis of the market price of fuel products. The difference between the sales price with MOPS price, distribution cost and margin (alpha) can not cover the incurred expenses as the margin (alpha) is not tied to the market price fluctuation. Including the unavoidable costs up to 31 December 2011, losses from the sales of PSO fuel products are Rp969,622.

However, provision for this onerous contract can not be measured reliably due to the absence of obligations related to the assignment of PSO which describes an operating loss for the year.

(Expressed in millions of Rupiah, unless otherwise stated)

51. PRESENTATIONS OF TRANSACTIONS FROM PROPORTIONATE CONSOLIDATION OF JOINTLY CONTROLLED ENTITIES

Aggregate amounts of assets, liabilities, income and expenses arising from proportionate consolidation of jointly controlled entities are as follows:

	2011	2010	2009
Assets			
Current assets	763,533	537,761	247,710
Non-current assets	1,539,148	770,670	611,524
Total Assets	**2,302,681**	**1,308,431**	**859,234**
Liabilities			
Current liabilities	(430,337)	(234,812)	(185,234)
Non-current liabilities	(230,970)	(278,632)	(358,581)
Total Liabilities	**(661,307)**	**(513,444)**	**(543,815)**
Net Assets	**1,641,374**	**794,987**	**315,419**
Revenue	1,198,917	955,963	682,919
Expenses	(1,175,053)	(933,121)	(643,115)
Income for the year	**23,864**	**22,842**	**39,804**

For the list of jointly controlled entities, please refer to Note 1b-iii.

52. REISSUANCE OF THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

In relation to the Group's plan for issuance of senior notes in May 2012 to qualified institutional buyers under Rule 144A and Regulation S under the Securities Act of the United States, the Group has issued its consolidated financial statements as at and for the years ended 31 December 2011 and 2010 with the inclusion of consolidated statements of income, changes in equity and cash flows and the related notes to the financial statements for the year ended 31 December 2009 as additional comparatives.

Reissuance of the 2009 consolidated financial statements are reflected in the following schedules:

- Schedule 2/1 and 2/2: Consolidated Statements of Comprehensive Income
- Schedule 3/1 and 3/2: Consolidated Statements of Changes in Equity
- Schedule 4/1 and 4/2: Consolidated Statements of Cash Flows
- Schedule 5/5, 5/6, 5/7, 5/8 and 5/9: Note 1 - General
- Schedule 5/26 and 5/42: Note 2 - Summary of Significant Accounting Policies
- Schedule 5/54, 5/55, 5/56, 5/57 and 5/58: Note 4 - Restatement and Reclassification of Consolidated Financial Statements
- Schedule 5/60 and 5/61: Note 5 - Acquisition of BP West Java Limited
- Schedule 5/69, 5/70, 5/71, 5/72 and 5/73: Note 9 - Due From the Government
- Schedule 5/77: Note 10 - Inventories
- Schedule 5/82, 5/83 and 5/84: Note 11 - Long-term Investments
- Schedule 5/87 and 5/88: Note 12 - Fixed Assets
- Schedule 5/91 and 5/92: Note 13 - Oil & Gas and Geothermal Properties
- Schedule 5/94: Note 14 - Other Assets - Net
- Schedule 5/101 and 5/102: Note 17 - Due To the Government

52. REISSUANCE OF THE 2009 CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Schedule 5/117, 5/118, 5/119, 5/120, 5/121, 5/122 and 5/123: Note 21 - Provision for Employee Benefits
- Schedule 5/124: Note 22 - Provision for Decommissioning and Site Restoration
- Schedule 5/132: Note 27 - Retained Earnings
- Schedule 5/132 and 5/133: Note 28 - Domestic Sales of Crude Oil, Natural Gas, Geothermal Energy and Oil Products
- Schedule 5/133: Note 29 - Subsidy Reimbursements from the Government
- Schedule 5/134: Note 30 - Export of Crude Oil and Oil Products
- Schedule 5/134: Note 31 - Revenues in Relation to Other Operating Activities
- Schedule 5/134 and 5/135: Note 32 - Cost of Goods Sold
- Schedule 5/136: Note 33 - Upstream Production and Lifting Costs
- Schedule 5/136: Note 34 - Exploration Costs
- Schedule 5/136: Note 35 - Expenses in Relation to Other Operating Activities
- Schedule 5/137: Note 36 - Selling and Marketing Expenses
- Schedule 5/137: Note 37 - General and Administration Expenses
- Schedule 5/138: Note 38 - Finance Income/(Cost) - Net
- Schedule 5/138 and 5/139: Note 39 - Other Income/(Expense) - Net
- Schedule 5/142, 5/143, 5/144, 5/145, 5/146 and 5/147: Note 40 - Taxation
- Schedule 5/154, 5/155 and 5/156: Note 41 - Related Parties Balances and Transactions
- Schedule 5/159: Note 42 - Segment Information
- Schedule 5/181 and 5/182: Note 46 - Activities Not Affecting Cash Flows
- Schedule 5/194: Note 51 - Presentations of Transactions From Proportionate Consolidation of Jointly Controlled Entities.

SUPPLEMENTAL INFORMATION
31 DECEMBER 2011 AND 2010
(UNAUDITED)

ESTIMATED CRUDE OIL AND NATURAL GAS RESERVES (UNAUDITED)

The Company, PT Pertamina EP (PT EP), PHE's Subsidiaries and PT Pertamina EP Cepu (PEPC) have no ownership interests in the oil and gas reserves, but rather have the right to receive production and/or revenues from the sales of oil and gas in accordance with their PSCs and other production sharing arrangements.

The quantity of proved oil and gas reserves are determined using Society Petroleum Engineer 2001 guidelines which are also used for reporting submitted by the PSC operators to BP MIGAS.

The quantity of proved reserves is only an estimation, and is not intended to illustrate the realisable value or fair value of the Company, PT EP's, PHE Subsidiaries' and PEPC's reserves. This estimation is subject to changes whenever new information is available in the future. There are many inherent uncertainties in estimating crude oil and gas reserves, including factors beyond the Company, PT EP's, PHE Subsidiaries' and PEPC's control.

Management is of the opinion that the reserves quantities, which include Government's shares, as stated below are reasonable based on available geological and technical data:

	Subsidiaries	31 December 2009 Balance	Adjustments	Production	31 December 2010 Balance	Adjustments	Production	31 December 2011 Balance
PT Pertamina (Persero)								
I	**Vietnam Block**							
	- Oil and condensate (MBBLs)	-	-	-	-	2,070	-	2,070
	- Natural gas (MBOE)	-	-	-	-	601	-	601
Sub total reserve (oil)		-	-	-	-	**2,070**	**-**	**2,070**
Sub total reserve (natural gas)		-	-	-	-	**601**	**-**	**601**
PT Pertamina EP:								
I	**Sumatera**							
	- Oil and condensate (MBBLs)	338,038	5,212	(4,052)	339,198	(39,535)	(4,368)	295,295
	- Natural gas (MBOE)	821,634	(137,805)	(28,892)	654,937	(1,195)	(27,631)	626,111
II	**Java**							
	- Oil and condensate (MBBLs)	282,639	(3,479)	(19,157)	260,003	(8)	(17,686)	242,309
	- Natural gas (MBOE)	224,486	12,530	(29,533)	207,483	11	(26,796)	180,698
III	**East Indonesia**							
	- Oil and condensate (MBBLs)	58,347	84,299	(2,798)	139,848	(82,652)	(2,909)	54,287
	- Natural gas (MBOE)	76,108	23,396	(414)	99,090	1	(470)	98,621
IV	**TAC**							
	- Oil and condensate (MBBLs)	213,502	(72,122)	(6,735)	134,645	1	(6,363)	128,283
	- Natural gas (MBOE)	141,073	(30,018)	(3,958)	107,097	(1)	(5,429)	101,667
V	**OC**							
	- Oil and condensate (MBBLs)	43,366	29,474	(993)	71,847	792	(1,233)	71,406
	- Natural gas (MBOE)	3,591	-	-	3,591	-	-	3,591
VI	**Project**							
	- Oil and condensate (MBBLs)	-	14,653	(653)	14,000	-	(898)	13,102
	- Natural gas (MBOE)	197,901	163,954	(381)	361,474	47,501	(4,809)	404,166
VII	**Business Unit Exploration and Exploitation (UBEP)**							
	- Oil and condensate (MBBLs)	178,310	80,182	(13,118)	245,374	(18,386)	(12,168)	214,820
	- Natural gas (MBOE)	42,610	5,804	(1,585)	46,829	(881)	(2,292)	43,656
Sub total reserve (oil)		**1,114,202**	**138,219**	**(47,506)**	**1,204,915**	**(139,788)**	**(45,625)**	**1,019,502**
Sub total reserve (natural gas)		**1,507,403**	**37,861**	**(64,763)**	**1,480,501**	**45,436**	**(67,427)**	**1,458,510**

SUPPLEMENTAL INFORMATION
31 DECEMBER 2011 AND 2010
(UNAUDITED)

ESTIMATED CRUDE OIL AND NATURAL GAS RESERVES (UNAUDITED) (continued)

	Subsidiaries	31 December 2009 Balance	Adjustments	Production	31 December 2010 Balance	Adjustments	Production	31 December 2011 Balance
PT Pertamina Hulu Energi:								
I	**Region Jawa**							
	JOB-PSC,PPI,IP,BOB (2 blocks)							
	- Oil and condensate (MBBLs)	12,133	(499)	(1,942)	9,692	9,631	(2,772)	16,551
	- Natural gas (MBOE)	-	-	-	-	2,251	(550)	1,701
	Own Operation (ONWJ and WMO)							
	- Oil and condensate (MBBLs)	24,218	32,681	(9,069)	47,830	13,681	(9,659)	51,852
	- Natural gas (MBOE)	43,417	14,765	(12,024)	46,158	36,652	(13,480)	69,330
II	**Region Sumatera (10 blocks)**							
	- Oil and condensate (MBBLs)	60,644	20,239	(7,438)	73,445	(3,415)	(7,680)	62,350
	- Natural gas (MBOE)	142,522	66,114	(10,574)	198,062	(4,158)	(13,245)	180,659
III	**Region Kalimantan, Sulawesi and Papua (6 blocks)**							
	- Oil and condensate (MBBLs)	18,487	358	(1,189)	17,656	4,504	(1,250)	20,910
	- Natural gas (MBOE)	136,060	4,957	(204)	140,813	26,618	(1,526)	165,905
IV	**Overseas**							
	- Oil and condensate (MBBLs)	1,910	-	(51)	1,859	(682)	(129)	1,048
	- Natural gas (MBOE)	-	-	-	-	962	(189)	773
Sub total reserve (oil)		**117,392**	**52,779**	**(19,689)**	**150,482**	**23,719**	**(21,490)**	**152,711**
Sub total reserve (natural gas)		**321,999**	**85,836**	**(22,802)**	**385,033**	**62,325**	**(28,990)**	**418,368**
PT Pertamina EP Cepu:								
	- Oil and condensate (MBBLs)	150,205	(57)	(3,047)	147,101	6	(3,513)	143,594
	- Natural gas (MBOE) - non-sales	5,142	1	(207)	4,936	81	(116)	4,901
Sub total reserve (oil)		**150,205**	**(57)**	**(3,047)**	**147,101**	**6**	**(3,513)**	**143,594**
Sub total reserve (natural gas)		**5,142**	**1**	**(207)**	**4,936**	**81**	**(116)**	**4,901**
Total reserve								
	- Oil and condensate (MBBLs)	**1,381,799**	**190,941**	**(70,242)**	**1,502,498**	**(113,993)**	**(70,628)**	**1,317,877**
	- Natural gas (MBOE)	**1,834,544**	**123,698**	**(87,772)**	**1,870,470**	**108,443**	**(96,533)**	**1,882,380**

The estimated gas reserve balances and production are converted from MMSCF (Millions of Standard Cubic Feet) to MBOE (Thousands of Barrels of Oil Equivalent) by applying the following conversion rate: 1 MMSCF = 0.1726 MBOE.

Adjustments to reserves involve reassessments of reserves in certain blocks at the beginning of 2011 and 2010 by the Company and Subsidiaries.

PT Pertamina (Persero) dan anak perusahaan/*and subsidiaries*

Laporan keuangan konsolidasian
beserta laporan auditor independen
tahun yang berakhir pada tanggal-tanggal
31 Desember 2009 dan 2008/
Consolidated financial statements
with independent auditors' report
years ended December 31, 2009 and 2008

PT PERTAMINA (PERSERO) DAN ANAK PERUSAHAAN
LAPORAN KEUANGAN KONSOLIDASIAN
BESERTA LAPORAN AUDITOR INDEPENDEN
TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL
31 DESEMBER 2009 DAN 2008

PT PERTAMINA (PERSERO) AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009 AND 2008

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The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-369/PSS/2010

Pemegang Saham, Dewan Komisaris dan Direksi
PT Pertamina (Persero)

Kami telah mengaudit neraca konsolidasian PT Pertamina (Persero) ("Perusahaan") dan Anak Perusahaan tanggal 31 Desember 2009 dan 2008, serta laporan laba rugi konsolidasian, laporan perubahan ekuitas konsolidasian dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut. Laporan keuangan adalah tanggung jawab manajemen Perusahaan. Tanggung jawab kami terletak pada pernyataan pendapat atas laporan keuangan berdasarkan audit kami. Kami tidak mengaudit laporan keuangan beberapa Anak Perusahaan, yaitu PT Patra Niaga dan Anak Perusahaan, PT Pelita Air Service dan Anak Perusahaan, PT Patra Jasa, PT Pertamina Tongkang dan Anak Perusahaan, PT Pertamina Dana Ventura, PT Pertamina Bina Medika, PT Pertamina Retail dan PT Tugu Pratama Indonesia dan Anak Perusahaan yang laporan keuangannya mencerminkan jumlah aset sebesar masing-masing 2,86% dan 2,88% dari jumlah aset konsolidasian pada tanggal 31 Desember 2009 dan 2008, serta jumlah penjualan dan pendapatan usaha lainnya masing-masing sebesar 2,68% dan 1,47% dari jumlah penjualan dan pendapatan usaha lainnya konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut. Kami juga tidak mengaudit laporan keuangan PT Pertamina EP Cepu yang laporan keuangannya mencerminkan jumlah aset sebesar 0,60% dari jumlah aset konsolidasian pada tanggal 31 Desember 2008 serta jumlah penjualan dan pendapatan usaha lainnya sebesar nihil dari jumlah penjualan dan pendapatan usaha lainnya konsolidasian untuk tahun yang berakhir pada tanggal tersebut. Laporan keuangan tersebut diaudit oleh auditor independen lain dengan pernyataan wajar tanpa pengecualian dengan paragraf penjelasan untuk hal-hal tertentu, antara lain, sehubungan dengan dampak kondisi perekonomian Indonesia.

Independent Auditors' Report

Report No. RPC-369/PSS/2010

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

We have audited the consolidated balance sheets of PT Pertamina (Persero) ("the Company") and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain of the Company's Subsidiaries, namely, PT Patra Niaga and its Subsidiaries, PT Pelita Air Service and its Subsidiary, PT Patra Jasa, PT Pertamina Tongkang and its Subsidiaries, PT Pertamina Dana Ventura, PT Pertamina Bina Medika, PT Pertamina Retail and PT Tugu Pratama Indonesia and its Subsidiaries, which statements reflect total assets of 2.86% and 2.88% of the total consolidated assets as of December 31, 2009 and 2008, respectively, and total sales and other operating revenues of 2.68% and 1.47% of the total consolidated sales and other operating revenues for the years then ended, respectively. We also did not audit the financial statements of PT Pertamina EP Cepu which statements reflect total assets of 0.60% of total consolidated assets as of December 31, 2008, and total sales and other operating revenues of nil of total consolidated sales and other operating revenues for the year then ended. Those statements were audited by other independent auditors whose reports expressed unqualified opinions with explanatory paragraphs in certain cases relating to, among others, the impact of Indonesian economic conditions.

Purwantono, Suherman & Surja
Registered Public Accountants KMK No. 381/KM.1/2010
A member firm of Ernst & Young Global Limited

The original report included herein is in the Indonesian language.

Kami juga tidak mengaudit laporan keuangan PT Pertamina Training & Consulting dan PT Usayana dan Anak Perusahaan yang laporan keuangannya mencerminkan jumlah aset masing-masing sebesar 0,15% dan 0,2% dari jumlah aset konsolidasian pada tanggal 31 Desember 2009 dan 2008 dan jumlah penjualan dan pendapatan usaha lainnya masing-masing sebesar 0,1% dan 0,08% dari jumlah penjualan dan pendapatan usaha lainnya konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut serta PT Pertamina Drilling Services Indonesia dan PT Patra Dok Dumai yang laporan keuangannya mencerminkan jumlah aset sebesar 0,19% dari jumlah aset konsolidasian pada tanggal 31 Desember 2008, serta jumlah penjualan dan pendapatan usaha lainnya sebesar 0,08% dari jumlah penjualan dan pendapatan usaha lainnya konsolidasian untuk tahun yang berakhir pada tanggal tersebut. Laporan keuangan tersebut diaudit oleh auditor independen lain dengan pendapat wajar dengan pengecualian, antara lain, sehubungan dengan tidak memadainya dokumen pendukung untuk pajak dibayar di muka dan hutang usaha dan tidak diterapkannya Pernyataan Standar Akuntansi Keuangan (PSAK) No. 24 (Revisi 2004), "Imbalan Kerja" dan PSAK No. 47, "Akuntansi Tanah". Laporan dari auditor independen lain atas laporan keuangan Anak Perusahaan telah diserahkan kepada kami, dan pendapat kami, sejauh yang berkaitan dengan jumlah-jumlah untuk Anak Perusahaan tersebut, didasarkan semata-mata atas laporan-laporan auditor independen lain tersebut.

We also did not audit the financial statements of PT Pertamina Training & Consulting and PT Usayana and its Subsidiaries, which statements reflect total assets of 0.15% and 0.2% of total consolidated assets as of December 31, 2009 and 2008, respectively, and total sales and other operating revenues of 0.1% and 0.08% of total consolidated sales and other operating revenues for the years then ended, respectively and PT Pertamina Drilling Services Indonesia and PT Patra Dok Dumai, which statements reflect total assets of 0.19% of total consolidated assets as of December 31, 2008 and total sales and other operating revenues of 0.08% of total consolidated sales and other operating revenues for the year then ended. Those statements were audited by other independent auditors whose reports expressed qualified opinions relating to, among others, lack of supporting documentation for prepaid taxes and trade payables and for the non - adoption of the Statement of Financial Accounting Standards (PSAK) No. 24 (Revised 2004), "Employee Benefits", and PSAK No. 47, "Accounting for Land". The reports of the other independent auditors on the financial statements of these Subsidiaries have been furnished to us, and our opinion, insofar as this relates to the amounts included for these Subsidiaries, is based solely on the reports of the other independent auditors.

Kami melaksanakan audit berdasarkan standar auditing yang ditetapkan Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami merencanakan dan melaksanakan audit agar kami memperoleh keyakinan memadai bahwa laporan keuangan bebas dari salah saji material. Suatu audit meliputi pemeriksaan, atas dasar pengujian, bukti-bukti yang mendukung jumlah-jumlah dan pengungkapan dalam laporan keuangan. Audit juga meliputi penilaian atas prinsip akuntansi yang digunakan dan estimasi signifikan yang dibuat oleh manajemen, serta penilaian terhadap penyajian laporan keuangan secara keseluruhan. Kami yakin bahwa audit kami dan laporan-laporan auditor independen lain tersebut memberikan dasar memadai untuk menyatakan pendapat.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

Menurut pendapat kami, berdasarkan audit kami dan laporan-laporan auditor independen lain tersebut, laporan keuangan konsolidasian yang kami sebut di atas menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Pertamina (Persero) dan Anak Perusahaan tanggal 31 Desember 2009 dan 2008, dan hasil usaha serta arus kas untuk tahun yang berakhir pada tanggal-tanggal tersebut sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Pertamina (Persero) and Subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

The original report included herein is in the Indonesian language.

Sebagaimana dijelaskan pada Catatan 6 atas laporan keuangan konsolidasian, sampai dengan tanggal laporan auditor, jumlah tertentu atas penggantian biaya program konversi minyak tanah ke LPG sejumlah Rp4.051.903 juta (Rp1.983.152 juta pada tahun 2009 dan Rp2.068.751 juta pada tahun 2008) masih memerlukan verifikasi dan persetujuan dari Direktorat Jenderal Minyak dan Gas Bumi atas.

Sebagaimana dijelaskan pada Catatan 22 atas laporan keuangan konsolidasian, aset Depot Pengisian Pesawat Udara (DPPU) yang terletak di beberapa Bandar udara di Indonesia telah dicatat di dalam laporan keuangan konsolidasian PT Pertamina (Persero) tahun 2009 sebagai aset tetap dengan mengkredit akun Ekuitas - Bantuan Pemerintah Yang Belum Ditetapkan Statusnya (BPYBDS). Perubahan BYPDS tersebut menjadi modal saham berikut penentuan nilainya memerlukan ketetapan melalui Peraturan Pemerintah.

As discussed in Note 6 to the consolidated financial statements, as of the date of the auditors' report, certain amounts for reimbursement of costs for the kerosene conversion to LPG program aggregating to Rp4,051,903 million (Rp1,983,152 million in 2009 and Rp2,068,751 million in 2008) are subject to verification and approval by the Directorate General of Oil and Gas.

As discussed in Note 22 to the consolidated financial statements, Aircraft Filling Depots (DPPU) assets located at various airports in Indonesia have been recognized in the 2009 consolidated financial statement of PT Pertamina (Persero) as fixed assets with a corresponding credit to Equity under the account "contributed assets from the Government pending clarification of the status of such assets (BPYBDS)". Conversion of such BYPDS to share capital including the determination of the value of such assets requires formal approval through a Government Regulation.

Purwantono, Suherman & Surja

Feniwati Chendana
Izin Akuntan Publik No. 00.1.0713/*Public Accountant License No. 00.1.0713*

16 November 2010/*November 16, 2010*

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
NERACA KONSOLIDASIAN
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	Catatan/ *Notes*	2008	
ASET				***ASSETS***
ASET LANCAR				***CURRENT ASSETS***
Kas dan setara kas	14.739.451	2d,3	15.665.337	*Cash and cash equivalents*
Dana yang dibatasi penggunaannya - bersih	2.993.622	2d,4	3.522.132	*Restricted funds - net*
Investasi jangka pendek	1.565.829	2e	1.620.276	*Short-term investments*
Investasi jangka panjang - bagian lancar	1.000.000	8	1.000.000	*Long-term investments - current portion*
Piutang usaha				*Trade receivables*
Pihak yang mempunyai hubungan istimewa - setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp564.321 pada tahun 2009 dan Rp643.503 pada tahun 2008	925.728	2c, 2f, 2g,38a	1.966.274	*Related parties - net of allowance for doubtful accounts of Rp564,321 in 2009 and Rp643,503 in 2008*
Pihak ketiga - setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp971.795 pada tahun 2009 dan Rp666.317 pada tahun 2008	26.370.345	2f,2g,5	30.375.238	*Third parties - net of allowance for doubtful accounts of Rp971,795 in 2009 and Rp666,317 in 2008*
Piutang dari Pemerintah - bagian lancar	9.867.303	6	13.870.328	*Due from the Government - current portion*
Piutang lain-lain				*Other receivables*
Pihak yang mempunyai hubungan istimewa - setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp7.737 pada tahun 2009 dan Rp9.460 pada tahun 2008	72.589	2c, 2f, 2g,38b	320.194	*Related parties - net of allowance for doubtful accounts of Rp7,737 in 2009 and Rp9,460 in 2008*
Pihak ketiga - setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp118.808 pada tahun 2009 dan Rp238.124 pada tahun 2008	1.056.504	2f,2g	1.947.250	*Third parties - net of allowance for doubtful accounts of Rp118,808 in 2009 and Rp238,124 in 2008*
Persediaan - setelah dikurangi penyisihan penurunan nilai sebesar Rp147.342 pada tahun 2009 dan Rp10.078.876 pada tahun 2008	52.390.787	2h,7	40.011.834	*Inventories - net of allowance for decline in value of Rp147,342 in 2009 and Rp10,078,876 in 2008*
Pajak dibayar di muka	1.378.758	2s,37a	920.850	*Prepaid taxes*
Biaya dibayar di muka	571.219	2i	1.327.939	*Prepayments*
Uang muka dividen dan lain-lain - bagian lancar	47.411.701	23	6.219.410	*Dividend advances and others - current portion*
Jumlah Aset Lancar	**160.343.836**		**118.767.062**	*Total Current Assets*

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
NERACA KONSOLIDASIAN (lanjutan)
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah,
unless otherwise stated)

	2009	**Catatan/ *Notes***	**2008**	
ASET (lanjutan)				***ASSETS (continued)***
ASET TIDAK LANCAR				***NON-CURRENT ASSETS***
Uang muka dividen dan lain-lain - bersih	-	23	35.156.403	*Dividend advances and others - net*
Piutang dari Pemerintah	10.127.692	6	11.448.954	*Due from the Government*
Aset pajak tangguhan - bersih	6.013.992	2s,37e	8.219.911	*Deferred tax assets - net*
Investasi jangka panjang	7.224.500	2j,8	8.276.668	*Long-term investments*
Aset tetap - setelah dikurangi akumulasi penyusutan sebesar Rp29.279.097 pada tahun 2009 dan Rp25.321.638 pada tahun 2008	59.294.894	2k,2l, 2u,9	56.477.301	*Fixed assets - net of accumulated depreciation of Rp29,279,097 in 2009 and Rp25,321,638 in 2008*
Aset minyak dan gas serta panas bumi - setelah dikurangi akumulasi penyusutan, deplesi dan amortisasi sebesar Rp14.620.534 pada tahun 2009 dan Rp11.644.968 pada tahun 2008	35.121.987	2l,2m,2n, 2u,10,18	25.597.581	*Oil and gas, and geothermal properties - net of accumulated depreciation, depletion and amortization of Rp14,620,534 in 2009 and Rp11,644,968 in 2008*
Aset konsesi - setelah dikurangi akumulasi penyusutan dan amortisasi sebesar Rp2.363.750 pada tahun 2009 dan Rp1.439.778 pada tahun 2008	11.503.633	2o,11	10.899.749	*Concession assets - net of accumulated depreciation and amortization of Rp2,363,750 in 2009 and Rp1,439,778 in 2008*
Aset lain-lain - bersih	21.181.885	2u,2v,5,12	16.479.936	*Other assets - net*
Jumlah Aset Tidak Lancar	**150.468.583**		**172.556.503**	*Total Non-Current Assets*
JUMLAH ASET	**310.812.419**		**291.323.565**	***TOTAL ASSETS***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
NERACA KONSOLIDASIAN (lanjutan)
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	Catatan/ *Notes*	2008	
KEWAJIBAN DAN EKUITAS				***LIABILITIES AND EQUITY***
KEWAJIBAN JANGKA PENDEK				***CURRENT LIABILITIES***
Pinjaman jangka pendek	14.760.559	13	11.140.084	*Short-term loans*
Hutang usaha				*Trade payables*
Pihak yang mempunyai hubungan istimewa	867.045	2c,38	2.581.234	*Related parties*
Pihak ketiga	21.388.365	14	17.886.709	*Third parties*
Hutang kepada Pemerintah yang jatuh tempo dalam satu tahun	30.842.908	15	36.324.094	*Due to the Government - current portion*
Hutang pajak	4.552.370	2s,37b	9.525.128	*Taxes payable*
Beban yang masih harus dibayar	7.787.048		6.645.698	*Accrued expenses*
Kewajiban jangka panjang yang jatuh tempo dalam satu tahun	5.109.412	16	2.996.148	*Long-term liabilities - current portion*
Hutang lain-lain				*Other payables*
Pihak yang mempunyai hubungan istimewa	616.851	2c,38	156.388	*Related parties*
Pihak ketiga	4.371.742		4.460.890	*Third parties*
Pendapatan tangguhan yang jatuh tempo dalam satu tahun	1.268.736	19	1.113.401	*Deferred revenue - current portion*
Jumlah Kewajiban Jangka Pendek	**91.565.036**		**92.829.774**	*Total Current Liabilities*
KEWAJIBAN JANGKA PANJANG				***NON-CURRENT LIABILITIES***
Hutang kepada Pemerintah - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	5.199.128	15	4.838.812	*Due to the Government - net of current portion*
Kewajiban pajak tangguhan - bersih	3.774.829	2s,37e	2.448.542	*Deferred tax liabilities - net*
Kewajiban jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	17.111.911	2l,16	5.580.686	*Long-term liabilities - net of current portion*
Taksiran kewajiban imbalan kerja	30.620.993	2q,17	31.586.401	*Estimated employee benefits obligations*
Kewajiban biaya restorasi dan reklamasi lingkungan hidup	6.099.034	2n,18	6.523.370	*Provision for environmental restoration and reclamation costs*
Pendapatan tangguhan - setelah dikurangi bagian yang jatuh tempo dalam satu tahun	13.662.398	2o,19	13.338.663	*Deferred revenue - net of current portion*
Hutang jangka panjang lain-lain	660.766	45e	428.178	*Other non-current liabilities*
Jumlah Kewajiban Jangka Panjang	**77.129.059**		**64.744.652**	*Total Non-Current Liabilities*
JUMLAH KEWAJIBAN	**168.694.095**		**157.574.426**	***TOTAL LIABILITIES***
HAK MINORITAS ATAS ASET BERSIH ANAK PERUSAHAAN YANG DIKONSOLIDASI	**634.070**	2b,20	**657.756**	***MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
NERACA KONSOLIDASIAN (lanjutan)
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	Catatan/ *Notes*	2008	
EKUITAS				***EQUITY***
Modal saham				*Share capital*
Modal dasar - 200.000.000 saham biasa - nilai nominal Rp1.000.000 (nilai penuh) per saham				*Authorized - 200,000,000 ordinary shares at par value of Rp1,000,000 (full amount) each*
Ditempatkan dan disetor - 82.569.779 saham	82.569.779	21	82.569.779	*Issued and paid up - 82,569,779 shares*
Penyesuaian terhadap akun ekuitas	(22.343.867)	22	(22.343.867)	*Equity adjustments*
Bantuan Pemerintah yang belum ditentukan statusnya	558.890	22	-	*Government contributed assets pending final clarification of status*
Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi	(80.650)	2j	903.261	*Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies*
Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing	32.990	2r	792.614	*Differences arising from translation of foreign currency financial statements*
Saldo laba				*Retained earnings*
- Ditentukan penggunaannya	5.946.460		-	*Appropriated -*
- Belum ditentukan penggunaannya	74.800.652		71.169.596	*Unappropriated -*
JUMLAH EKUITAS	**141.484.254**		**133.091.383**	***TOTAL EQUITY***
JUMLAH KEWAJIBAN DAN EKUITAS	**310.812.419**		**291.323.565**	***TOTAL LIABILITIES AND EQUITY***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
LAPORAN LABA RUGI KONSOLIDASIAN
Tahun Yang Berakhir Pada Tanggal-tanggal 31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	Catatan/ *Notes*	2008	
Penjualan dan Pendapatan Usaha Lainnya				***Sales and Other Operating Revenues***
Penjualan dalam negeri minyak mentah, gas bumi, energi panas bumi, dan hasil minyak	303.770.665	25	373.772.554	*Domestic sales of crude oil, natural gas, geothermal energy and oil products*
Penggantian biaya subsidi jenis BBM tertentu dan LPG dari Pemerintah	41.366.056	26	138.035.199	*Certain fuel (BBM) products and LPG costs subsidy reimbursements from the Government*
Penjualan ekspor minyak mentah dan hasil minyak	28.571.218		41.160.851	*Export of crude oil and oil products*
Imbalan jasa pemasaran	1.409.082	27	1.548.984	*Marketing fees*
Pendapatan usaha dari aktivitas operasi lainnya	3.229.361	28	3.647.327	*Revenues in relation to other operating activities*
JUMLAH PENJUALAN DAN PENDAPATAN USAHA LAINNYA	**378.346.382**		**558.164.915**	***TOTAL SALES AND OTHER OPERATING REVENUES***
Beban Pokok Penjualan dan Beban Langsung Lainnya				***Cost of Sales and Other Direct Costs***
Beban pokok penjualan	309.341.768	29	485.593.049	*Cost of goods sold*
Beban produksi hulu dan *liftings*	12.836.929	30	13.224.810	*Upstream production and lifting costs*
Beban eksplorasi	1.978.198	31	805.280	*Exploration costs*
Beban dari aktivitas operasi lainnya	2.327.602	32	2.692.953	*Expenses in relation to other operating activities*
JUMLAH BEBAN POKOK PENJUALAN DAN BEBAN LANGSUNG LAINNYA	**326.484.497**		**502.316.092**	***TOTAL COST OF SALES AND OTHER DIRECT COSTS***
LABA KOTOR	**51.861.885**		**55.848.823**	***GROSS PROFIT***
Beban Usaha:		2p		***Operating Expenses:***
Beban penjualan dan pemasaran	14.225.420	33	12.685.863	*Selling and marketing expenses*
Beban umum dan administrasi	10.184.142	34	10.268.442	*General and administration expenses*
JUMLAH BEBAN USAHA	**24.409.562**		**22.954.305**	***TOTAL OPERATING EXPENSES***
LABA USAHA	**27.452.323**		**32.894.518**	***INCOME FROM OPERATIONS***
Pendapatan/(Beban) Lain-lain:		2p		***Other Income/(Expenses):***
Pendapatan sewa	630.785		459.804	*Rental revenue*
Jasa pelabuhan dan pengangkutan	432.503		407.073	*Docking and shipping services*
Pendapatan dari Kerja Sama Operasi (KSO)	220.704		202.440	*Joint operations (KSO) revenue*
Laba/(rugi) selisih kurs - bersih	149.235		(3.681.885)	*Foreign exchange gain/(loss) - net*
Beban bunga - bersih	(497.110)	35	(1.504.593)	*Interest expense - net*
Penghapusan hutang jangka panjang	-	16	760.741	*Waiver of long-term loan*
Pendapatan bunga dari piutang yang belum tertagih	-	8	1.457.232	*Interest income on long - outstanding receivables*
(Beban)/pendapatan lain-lain - bersih	(657.488)	36	2.011.960	*Other (expenses)/income - net*
Jumlah pendapatan lain-lain - bersih	**278.629**		**112.772**	***Total other income - net***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
LAPORAN LABA RUGI KONSOLIDASIAN (lanjutan)
Tahun Yang Berakhir Pada Tanggal-tanggal
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (continued)
Years Ended
December 31, 2009 and 2008
(Expressed in millions of Rupiah,
unless otherwise stated)

	2009	Catatan/ *Notes*	2008	
Bagian atas laba bersih perusahaan asosiasi	**88.631**	2j,9	**22.919**	***Share of income of associated companies***
LABA SEBELUM BEBAN PAJAK PENGHASILAN	**27.819.583**		**33.030.209**	***INCOME BEFORE INCOME TAX EXPENSE***
BEBAN/(MANFAAT) PAJAK PENGHASILAN:		2s,37c		***INCOME TAX EXPENSE/(BENEFIT):***
Pajak kini	8.995.079		14.039.018	*Current tax*
Pajak tangguhan	3.145.519		(737.705)	*Deferred tax*
JUMLAH BEBAN PAJAK PENGHASILAN	**12.140.598**		**13.301.313**	***TOTAL INCOME TAX EXPENSE***
LABA SEBELUM HAK MINORITAS ATAS RUGI BERSIH ANAK PERUSAHAAN YANG DIKONSOLIDASI	**15.678.985**		**19.728.896**	***INCOME BEFORE MINORITY INTERESTS IN NET LOSS OF CONSOLIDATED SUBSIDIARIES***
HAK MINORITAS ATAS RUGI BERSIH ANAK PERUSAHAAN YANG DIKONSOLIDASI	**117.941**	2b	**42.217**	***MINORITY INTERESTS IN NET LOSS OF CONSOLIDATED SUBSIDIARIES***
LABA BERSIH	**15.796.926**		**19.771.113**	***NET INCOME***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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

PT PERTAMINA (PERSERO) DAN ANAK PERUSAHAAN
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
Tahun Yang Berakhir Pada Tanggal-tanggal
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	Modal ditempatkan dan disetor/ *Issued and paid-up capital*	Penyesuaian terhadap akun ekuitas/ *Equity adjustments*	Bantuan Pemerintah yang belum ditentukan statusnya/ *Government contributed assets pending final clarification of status*	Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo laba/*Retained earnings* — Ditentukan penggunaannya/ *Appropriated*	Saldo laba/*Retained earnings* — Belum ditentukan penggunaannya/ *Unappropriated*	Jumlah ekuitas/ *Total equity*	
Saldo 31 Desember 2007		**82.569.779**	**(22.343.867)**	**-**	**244.225**	**(636.338)**	**-**	**51.263.862**	**111.097.661**	***Balance as of December 31, 2007***
Penyesuaian sebagai dampak tidak dikonsolidasinya PT Elnusa Tbk		-	-	-	(134.621)	-	-	134.621	-	*Adjustment as a result of deconsolidating PT Elnusa Tbk*
Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing	2r	-	-	-	-	1.428.952	-	-	1.428.952	*Differences arising from translation of foreign currency financial statements*
Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi	2j	-	-	-	793.657	-	-	-	793.657	*Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies*
Laba bersih tahun berjalan		-	-	-	-	-	-	19.771.113	19.771.113	*Net income for the year*
Saldo 31 Desember 2008		**82.569.779**	**(22.343.867)**	**-**	**903.261**	**792.614**	**-**	**71.169.596**	**133.091.383**	***Balance as of December 31, 2008***
Bantuan Pemerintah yang belum ditentukan statusnya	22	-	-	558.890	-	-	-	-	558.890	*Government contributed assets pending final clarification of status*
Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing	2r	-	-	-	-	(759.624)	-	-	(759.624)	*Differences arising from translation of foreign currency financial statements*

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT PERTAMINA (PERSERO) DAN ANAK PERUSAHAAN
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN (lanjutan)
Tahun Yang Berakhir Pada Tanggal-tanggal
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	Modal ditempatkan dan disetor/ *Issued and paid-up capital*	Penyesuaian terhadap akun ekuitas/ *Equity adjustments*	Bantuan Pemerintah yang belum ditentukan statusnya/ *Government contributed assets pending final clarification of status*	Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo laba/*Retained earnings*: Ditentukan penggunaannya/ *Appropriated*	Saldo laba/*Retained earnings*: Belum ditentukan penggunaannya/ *Unappropriated*	Jumlah ekuitas/ *Total equity*	
Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi	2j	-	-	-	(983.911)	-	-	-	(983.911)	*Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies*
Pembagian dividen dari:	24									*Dividends declared from:*
Laba bersih tahun 2004		-	-	-	-	-	-	(2.531.255)	(2.531.255)	*2004 net Income*
Laba bersih tahun 2005		-	-	-	-	-	-	(3.551.680)	(3.551.680)	*2005 net Income*
Alokasi cadangan wajib	24									*Appropriations of compulsory reserves:*
Laba bersih tahun 2004		-	-	-	-	-	50.625	(50.625)	-	*2004 net income*
Laba bersih tahun 2005		-	-	-	-	-	71.034	(71.034)	-	*2005 net income*
Alokasi cadangan lainnya	24									*Appropriations of other reserves:*
Laba bersih tahun 2004		-	-	-	-	-	2.480.630	(2.480.630)	-	*2004 net income*
Laba bersih tahun 2005		-	-	-	-	-	3.344.171	(3.344.171)	-	*2005 net income*
Penentuan penggunaan laba bersih tahun 2005 untuk program kemitraan dan bina lingkungan	24	-	-	-	-	-	-	(136.475)	(136.475)	*Appropriation of 2005 net income for partnership and community aid programs*
Laba bersih tahun berjalan		-	-	-	-	-	-	15.796.926	15.796.926	*Net income for the year*
Saldo 31 Desember 2009		**82.569.779**	**(22.343.867)**	**558.890**	**(80.650)**	**32.990**	**5.946.460**	**74.800.652**	**141.484.254**	***Balance as of December 31, 2009***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
LAPORAN ARUS KAS KONSOLIDASIAN
Tahun Yang Berakhir Pada Tanggal-tanggal 31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	2008	
ARUS KAS DARI AKTIVITAS OPERASI:			***CASH FLOWS FROM OPERATING ACTIVITIES:***
Laba sebelum beban pajak penghasilan	27.819.583	33.030.209	*Income before income tax expense*
Penyesuaian untuk merekonsiliasi laba sebelum beban pajak penghasilan ke kas bersih yang diperoleh dari aktivitas operasi:			*Adjustments to reconcile income before income tax expense to net cash provided by operating activities:*
Penyusutan, deplesi dan amortisasi	7.428.526	7.216.018	*Depreciation, depletion and amortization*
Beban *accretion*	569.271	686.871	*Accretion expense*
Penyisihan/(pemulihan atas beban penyisihan) penurunan nilai persediaan	(9.931.534)	8.008.272	*Allowance/(reversal of allowance) for decline in value of inventories*
Kerugian atas pelepasan aset tetap dan penghapusan aset minyak dan gas, serta panas bumi	1.611.204	590.025	*Loss on disposal of fixed assets and write-off of oil and gas, and geothermal properties*
Beban penyisihan piutang ragu-ragu	105.257	863.413	*Allowance for doubtful accounts*
Penghapusan hutang jangka panjang	-	(760.741)	*Waiver of long-term loan*
Perubahan dalam aset dan kewajiban operasi:			*Changes in operating assets and liabilities:*
Dana yang dibatasi penggunaannya	94.464	(1.054.171)	*Restricted funds*
Piutang usaha - hubungan istimewa	1.302.640	(984.480)	*Trade receivables - related parties*
Piutang usaha - pihak ketiga	(43.531.202)	(7.088.115)	*Trade receivables - third parties*
Piutang dari Pemerintah	(38.525.431)	(145.845.894)	*Due from the Government*
Piutang lain-lain	618.939	(1.563.112)	*Other receivables*
Persediaan	(2.447.419)	5.928.630	*Inventories*
Pajak dibayar di muka	(236.869)	(189.141)	*Prepaid taxes*
Biaya dibayar di muka	56.720	(762.202)	*Prepayments*
Aset lain-lain	827.944	(145.505)	*Other assets*
Hutang usaha - hubungan istimewa	(1.714.189)	(7.637)	*Trade payables - related parties*
Hutang usaha - pihak ketiga	3.501.656	(9.438.820)	*Trade payables - third parties*
Hutang kepada Pemerintah	80.913.770	157.570.922	*Due to the Government*
Hutang pajak	1.125.405	(968.212)	*Taxes payable*
Beban yang masih harus dibayar	1.141.350	1.133.960	*Accrued expenses*
Hutang lain-lain	371.315	(773.541)	*Other payables*
Pendapatan tangguhan	(1.057.334)	341.168	*Deferred revenue*
Taksiran kewajiban imbalan kerja	1.395.239	1.005.548	*Estimated employee benefits obligations*
Kewajiban biaya restorasi dan reklamasi lingkungan hidup	(112.327)	734.772	*Provision for environmental restoration and reclamation costs*
Hutang jangka panjang lain-lain	232.588	(374.482)	*Other non-current liabilities*
Pembayaran kewajiban imbalan kerja	(2.360.647)	(2.522.733)	*Payments of employee benefits obligations*
Pembayaran pajak penghasilan	(19.662.998)	(18.836.442)	*Payments of income tax*
Arus kas bersih yang diperoleh dari aktivitas operasi	**9.535.921**	**25.794.580**	***Net cash provided by operating activities***

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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PT PERTAMINA (PERSERO)
DAN ANAK PERUSAHAAN
LAPORAN ARUS KAS KONSOLIDASIAN (lanjutan)
Tahun Yang Berakhir Pada Tanggal-tanggal
31 Desember 2009 dan 2008
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended
December 31, 2009 and 2008
(Expressed in millions of Rupiah,
unless otherwise stated)

	2009	2008	
ARUS KAS DARI AKTIVITAS INVESTASI:			***CASH FLOWS FROM INVESTING ACTIVITIES:***
Pengurangan/(penambahan) investasi jangka panjang	(799.893)	2.016.621	*Decrease/(increase) in long-term investments*
Pengurangan/(penambahan) investasi jangka pendek	54.447	(1.035.448)	*Decrease/(increase) in short-term investments*
Penambahan aset tetap, aset minyak dan gas, serta panas bumi	(20.376.339)	(13.552.718)	*Additions to fixed assets, oil and gas, and geothermal properties*
Arus kas bersih yang digunakan untuk aktivitas investasi	**(21.121.785)**	**(12.571.545)**	***Net cash used in investing activities***
ARUS KAS DARI AKTIVITAS PENDANAAN:			***CASH FLOWS FROM FINANCING ACTIVITIES:***
Penambahan pinjaman jangka pendek	53.409.094	64.314.507	*Additions to short-term loans*
Penambahan hutang jangka panjang	16.696.897	1.581.934	*Additions to long-term loans*
Pembayaran hutang jangka panjang	(3.147.790)	(2.642.963)	*Repayment of long-term loans*
Pembayaran uang muka dividen dan lain-lain	(6.509.604)	(6.563.332)	*Payment of dividend advances and others*
Pembayaran pinjaman jangka pendek	(49.788.619)	(67.484.052)	*Repayment of short-term loans*
Arus kas bersih yang diperoleh dari/(digunakan untuk) aktivitas pendanaan	**10.659.978**	**(10.793.906)**	***Net cash provided by/(used in) financing activities***
(PENURUNAN)/KENAIKAN BERSIH KAS DAN SETARA KAS	**(925.886)**	**2.429.129**	***NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS***
SALDO KAS DAN SETARA KAS PADA AWAL TAHUN	**15.665.337**	**13.236.208**	***CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR***
SALDO KAS DAN SETARA KAS PADA AKHIR TAHUN	**14.739.451**	**15.665.337**	***CASH AND CASH EQUIVALENTS AT END OF YEAR***

Lihat Catatan 44 - Aktivitas yang tidak mempengaruhi arus kas/*See Note 44 - Activities not affecting cash flows*

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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1. UMUM

a. PT Pertamina (Persero) (”Perusahaan”)

i. Profil Perusahaan

Perusahaan didirikan sesuai Akta Notaris Lenny Janis Ishak, S.H., No. 20 tanggal 17 September 2003. Pendirian Perusahaan dibuat berdasarkan Undang-undang No. 1 Tahun 1995 tentang Perseroan Terbatas, Undang-undang No. 19 Tahun 2003 tentang Badan Usaha Milik Negara, Peraturan Pemerintah No. 12 Tahun 1998 tentang Perusahaan Perseroan (Persero) dan Peraturan Pemerintah No. 45 Tahun 2001 tentang Perubahan atas Peraturan Pemerintah No. 12 Tahun 1998. Pendirian Perusahaan sebagai perseroan terbatas merupakan tindak lanjut dari diterbitkannya Undang-undang No. 22 Tahun 2001 tanggal 23 November 2001 tentang Minyak dan Gas Bumi, dan Peraturan Pemerintah No. 31 Tahun 2003 tanggal 18 Juni 2003 (“PP No. 31”) tentang pengalihan bentuk Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina, selanjutnya disebut ”Pertamina Lama”) menjadi Perusahaan Perseroan (Persero). Akta tersebut telah disahkan oleh Menteri Kehakiman dan Hak Asasi Manusia melalui surat No. C-24025 HT. 01.01.TH.2003 tanggal 9 Oktober 2003 dan diumumkan dalam Berita Negara No. 93 Tambahan No. 11620 tanggal 21 November 2003. Anggaran Dasar Perusahaan telah berubah beberapa kali, perubahan yang terakhir dilakukan untuk menyesuaikan struktur modal Perusahaan. Perubahan terakhir Anggaran Dasar tersebut diaktakan dengan Akta Notaris Lenny Janis Ishak, S.H., No. 4 tanggal 14 Juli 2009, yang telah disetujui oleh Menteri Kehakiman dan Hak Asasi Manusia dalam Surat Keputusan No. AHU-45429.AH.01.02. Tahun 2009 tanggal 14 September 2009.

1. GENERAL

a. PT Pertamina (Persero) (“the Company”)

i. Company Profile

The Company was established by virtue of Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H. The establishment of the Company was made in compliance with Law No. 1 Year 1995 concerning Limited Liability Companies, Law No. 19 Year 2003 on State-Owned Enterprises, Government Regulation No. 12 Year 1998 on State Enterprises (Persero) and Government Regulation No. 45 Year 2001 regarding the Amendment to Government Regulation No. 12 Year 1998. The establishment of the Company as a limited liability entity is a result of the issuance of Law No. 22 Year 2001 dated November 23, 2001 regarding Oil and Gas and Government Regulation No. 31 Year 2003 dated June 18, 2003 (“PP No. 31”) regarding the change in the status of Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina, the “former Pertamina Entity”) to a State Enterprise (Persero). The deed of establishment was approved by the Minister of Justice and Human Rights through letter No. C-24025 HT.01.01.TH.2003 dated October 9, 2003 and published in the State Gazette No. 93 Supplement No. 11620 dated November 21, 2003. The Company’s Articles of Association have been amended several times; the latest amendment was made to adjust the capital structure of the Company. The latest amendment of the Articles of Association is under Notarial Deed No.4 dated July 14, 2009 of Lenny Janis Ishak, S.H., which was approved by the Minister of Law and Human Rights under Decision Letter No. AHU-45429.AH.01.02.Tahun 2009 dated September 14, 2009.

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

i. Profil Perusahaan (lanjutan)

Sesuai dengan Peraturan Pemerintah (PP) No. 31 tahun 2003, segala hak dan kewajiban, yang timbul dari kontrak dan perikatan antara Pertamina Lama dengan pihak ketiga, sepanjang tidak bertentangan dengan Undang-undang No. 22 Tahun 2001, beralih kepada Perusahaan. Berdasarkan PP No. 31 tahun 2003, tujuan Perusahaan adalah menjalankan usaha minyak dan gas baik di dalam maupun di luar negeri serta kegiatan usaha lain yang terkait. Dalam menjalankan usahanya, tujuan Perusahaan adalah menghasilkan keuntungan dan memberikan kontribusi terhadap peningkatan aktivitas ekonomi untuk kesejahteraan masyarakat Indonesia.

Sesuai dengan Anggaran Dasarnya, Perusahaan dapat menjalankan aktivitas-aktivitas sebagai berikut:

a. Menjalankan usaha minyak mentah dan gas bumi, termasuk aktivitas terkait dengan produk minyak.
b. Menjalankan usaha di bidang energi panas bumi.
c. Mengelola pengusahaan dan pemasaran *Liquefied Natural Gas* (LNG) dan produk lain yang dihasilkan dari pabrik LNG.
d. Menjalankan usaha energi Bahan Bakar Nabati *(Biofuel).*
e. Mengelola dan menjalankan aktivitas usaha lain yang menunjang kegiatan usaha tersebut di atas.

Sesuai dengan PP No. 31 tahun 2003 pasal 6, Perusahaan ditugaskan sebagai penanggung jawab oleh Pemerintah dalam penyediaan dan distribusi bahan bakar minyak ("BBM") di Indonesia. Besarnya kompensasi yang timbul dari penugasan tersebut akan ditetapkan oleh Menteri Keuangan atas usulan dari Menteri Energi dan Sumber Daya Mineral.

1. GENERAL (continued)

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

i. Company Profile (continued)

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

In accordance with its Articles of Association, the Company shall conduct the following activities:

a. Operate in the crude oil and natural gas business, including activities involving petroleum products.
b. Operate in the geothermal energy business.
c. Manage the operations and marketing of Liquefied Natural Gas (LNG) and other products produced by LNG plants.
d. Operate in the biofuel business.
e. Manage and conduct other related business activities supporting the above mentioned activities.

In accordance with article 6 of PP No. 31 Year 2003, the Company is assigned the responsibility by the Government for the supply and distribution of fuel products in Indonesia. The compensation amount for undertaking this function will be determined by the Minister of Finance based on the recommendation from the Minister of Energy and Mineral Resources.

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

i. Profil Perusahaan (lanjutan)

Sesuai dengan Peraturan Presiden No. 104 tahun 2007, Pemerintah mengatur tentang penyediaan, pendistribusian, dan penetapan harga *Liquefied Petroleum Gas* (LPG) yang dijual di dalam tabung 3 kilogram ("LPG tabung 3 kg") untuk rumah tangga dan usaha mikro dalam rangka mengurangi subsidi BBM sebagai akibat penggantian ke LPG dari minyak tanah ("konversi mitan"). Perusahaan telah ditugaskan untuk penyediaan dan pendistribusian LPG tabung 3 kg oleh Menteri Energi dan Sumber Daya Mineral.

Efektif sejak tanggal 1 Januari 2007, Perusahaan ditugaskan sebagai penanggung jawab dalam penyediaan dan pendistribusian LPG tabung 3 kg sesuai dengan program konversi mitan untuk wilayah tertentu di Indonesia. Sesuai ketentuan dalam penugasan ini, Perusahaan berhak mendapatkan penggantian pembayaran atas biaya dan marjin keuntungan dari Pemerintah.

Pada tanggal pendirian Perusahaan, seluruh kegiatan minyak dan gas, serta energi panas bumi yang dijalankan oleh Pertamina Lama termasuk operasi bersama dengan perusahaan-perusahaan lainnya dialihkan kepada Perusahaan. Kegiatan ini selanjutnya telah dialihkan kepada Anak Perusahaan atau direncanakan akan dialihkan kepada Anak Perusahaan di masa yang akan datang.

Seluruh pegawai Pertamina Lama menjadi pegawai Perusahaan.

1. GENERAL (continued)

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

i. Company Profile (continued)

In accordance with President Regulation No. 104 year 2007, the Government regulated the supply, distribution, and determination of the price of Liquefied Petroleum Gas (LPG) sold in 3 kilogram cylinders ("LPG 3 kg cylinders") for household and micro/small businesses to reduce the subsidized fuel products (BBM) cost as a result of substituting LPG for kerosene ("kerosene conversion"). The Company has been assigned to supply and distribute LPG 3 kg cylinders by the Minister of Energy and Mineral Resources.

Effective from January 1, 2007, the Company was assigned the responsibility for the procurement and distribution of LPG 3 kg cylinders related to the kerosene conversion program in certain territories in Indonesia. Under the terms of such assignment, the Company is entitled to reimbursement for cost and a profit margin from the Government.

At the establishment date of the Company, all oil and gas, and geothermal energy activities of the former Pertamina Entity including joint operations with other companies, were transferred to the Company. These activities have been subsequently transferred to Subsidiaries or are planned to be transferred to Subsidiaries in the future.

All of the employees of the former Pertamina Entity became the employees of the Company.

1. UMUM (lanjutan)

a. PT Pertamina (Persero) (”Perusahaan”) (lanjutan)

ii. Wilayah kerja, kegiatan usaha dan alamat utama

Wilayah operasi minyak dan gas bumi, serta wilayah operasi panas bumi Perusahaan dan Anak Perusahaan berlokasi di Indonesia dan negara lain dengan kegiatan usaha utama meliputi:

- <u>Aktivitas Hulu - Eksplorasi dan Produksi - minyak mentah dan gas bumi</u>

  Aktivitas hulu meliputi kegiatan eksplorasi dan produksi minyak mentah dan gas bumi.

  Aktivitas hulu minyak dan gas dilakukan oleh Perusahaan, PT Pertamina EP dan PT Pertamina Hulu Energi (PHE) melalui partisipasi *(Indonesian Participation -* IP dan *Pertamina Participating Interests -* PPI*)* dan Kontrak Kerja Sama (KKS), dan *Joint Operating Body - PSC* yang dioperasikan oleh pihak ketiga.

  Perusahaan berpartisipasi di dalam kegiatan kerjasama minyak dan gas bumi di Vietnam, Libya, Sudan dan Qatar.

  PHE juga berpartisipasi di dalam kegiatan kerjasama minyak dan gas bumi di Malaysia dan Australia.

- <u>Aktivitas Hulu - Eksplorasi dan Produksi - Panas Bumi</u>

  Aktivitas panas bumi meliputi kegiatan eksplorasi dan produksi uap dan listrik. Aktivitas ini dilaksanakan oleh PT Pertamina Geothermal Energy (PGE) sejak tahun 2007 (Catatan 41).

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address

The Company’s and Subsidiaries’ oil and natural gas, and geothermal working areas are located in Indonesia and other countries with the principal business activities consisting of:

- *<u>Upstream Activities - Exploration and Production - crude oil and natural gas</u>*

  Upstream activities include exploration for and production of crude oil and natural gas.

  The upstream oil and gas activities are conducted by the Company, PT Pertamina EP and PT Pertamina Hulu Energi (PHE) through participation arrangements (Indonesian Participation - IP and Pertamina Participating Interests - PPI) and Production Sharing Contracts (PSCs), and Joint Operating Body - PSCs operated by third parties.

  The Company is a participant in oil and natural gas joint ventures in Vietnam, Libya, Sudan and Qatar.

  PHE is also a participant in oil and natural gas joint ventures in Malaysia and Australia.

- *<u>Upstream Activities - Exploration and Production - Geothermal</u>*

  Geothermal activities include exploration for and production of steam and generation of electricity. These activities have been conducted by PT Pertamina Geothermal Energy (PGE) since 2007 (Note 41).

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

ii. Wilayah kerja, kegiatan usaha dan alamat utama (lanjutan)

Selain aktivitas panas bumi yang dilakukan oleh PGE, PGE juga memiliki Kontrak Operasi Bersama (KOB) untuk area-area panas bumi dengan pihak ketiga (Catatan 41).

Sesuai dengan KOB, PGE berhak menerima *Production Allowance* per triwulan sebagai kompensasi manajemen sejumlah antara 2,66% dan 4% dari laba operasi bersih KOB.

- Aktivitas Hilir - Pengolahan, Perkapalan, Pemasaran dan Perdagangan.

Aktivitas Pengolahan

Aktivitas pengolahan meliputi kegiatan pengolahan minyak mentah menjadi hasil minyak, dan produksi LPG dan produk petrokimia (*paraxylene* dan *propylene*) oleh 6 (enam) unit pengolahan dengan kapasitas pengolahan terpasang sebagai berikut:

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

In addition to geothermal activities conducted by PGE, PGE is also involved in Joint Operating Contracts (JOCs) for geothermal areas with third parties (Note 41).

In accordance with the JOCs, PGE is entitled to receive Quarterly Production Allowances representing managerial compensation of between 2.66% and 4% of the JOC's net operating income.

- *Downstream Activities - Processing, Shipping, Marketing and Trading.*

Processing Activities

Processing activities include processing of crude oil into oil products and production of LPG and petrochemicals (paraxylene and propylene) by 6 (six) refinery units with installed processing capacities as follows:

Unit Pengolahan (UP)	Kapasitas pengolahan minyak mentah terpasang (barrel/hari)/ *Installed processing capacity of crude oil (barrels/day)*	*Refinery Unit (UP)*
UP II - Dumai dan Sungai Pakning, Riau	170.000	*UP II - Dumai and Sungai Pakning, Riau*
UP III - Plaju dan Sungai Gerong, Sumatera Selatan	133.700	*UP III - Plaju and Sungai Gerong, South Sumatera*
UP IV - Cilacap, Jawa Tengah	348.000	*UP IV - Cilacap, Central Java*
UP V - Balikpapan, Kalimantan Timur	260.000	*UP V - Balikpapan, East Kalimantan*
UP VI - Balongan, Jawa Barat	125.000	*UP VI - Balongan, West Java*
UP VII - Kasim, Papua Barat	10.000	*UP VII - Kasim, West Papua*

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

ii. Wilayah kerja, kegiatan usaha dan alamat utama (lanjutan)

<u>Aktivitas Pemasaran dan Perdagangan</u>

Aktivitas pemasaran dan perdagangan dalam negeri meliputi 6 unit usaha untuk hasil minyak, sebagai berikut:

1. BBM Retail

Unit bisnis yang menangani pemasaran BBM untuk sektor transportasi dan rumah tangga.

2. BBM Industri dan Marine

Unit bisnis yang menangani semua usaha pemasaran BBM kepada konsumen industri dan perkapalan.

3. Pelumas

Unit bisnis yang menangani bisnis dalam negeri (segmen eceran dan segmen industri) dan bisnis pelumas luar negeri.

Wilayah kerja untuk unit bisnis ini terbagi menjadi 7 (tujuh) wilayah pemasaran, sebagai berikut:

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

<u>Marketing and Trading Activities</u>

Domestic marketing and trading activities involve 6 business units for oil products, as follows:

1. BBM Retail

Business unit that handles the marketing of fuel for transportation and household sectors.

2. BBM Industrial and Marine

Business unit that handles the marketing of fuel (BBM) to industry and marine consumers.

3. Lubricants

Business unit that handles domestic (retail and industry segments) and overseas lubricants business.

The working areas for these business units are divided into 7 (seven) marketing areas, as follows:

Unit Bisnis/ *Business Unit*	Wilayah Pemasaran/ *Marketing Region*
Region I	Nanggroe Aceh Darussalam, Sumatera Utara, Sumatera Barat, Riau dan Kepulauan Riau/ *Nanggroe Aceh Darussalam, North Sumatera, West Sumatera, Riau and Riau Archipelago*
Region II	Jambi, Sumatera Selatan, Bengkulu, Lampung dan Kepulauan Bangka Belitung/ *Jambi, South Sumatera, Bengkulu, Lampung and Bangka Belitung Archipelago*
Region III	DKI Jakarta, Banten dan Jawa Barat/ *DKI Jakarta, Banten and West Java*
Region IV	Jawa Tengah dan Yogyakarta/ *Central Java and Yogyakarta*
Region V	Jawa Timur, Bali, Nusa Tenggara Barat dan Nusa Tenggara Timur/ *East Java, Bali, West Nusa Tenggara and East Nusa Tenggara*
Region VI	Kalimantan/*Kalimantan*
Region VII	Sulawesi, Papua dan Maluku/*Sulawesi, Papua and Maluku*

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

ii. Wilayah kerja, kegiatan usaha dan alamat utama (lanjutan)

4. Gas Domestik

Unit bisnis yang menangani semua usaha pemasaran untuk *Liquefied Petroleum Gas* (LPG), *Compressed Natural Gas* (CNG) dan *hydrocarbon refrigerants* untuk keperluan rumah tangga, komersial dan industri.

Wilayah kerja untuk unit usaha ini terbagi menjadi 5 (lima) wilayah pemasaran, sebagai berikut:

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

4. Domestic Gas

Business unit that handles all marketing activities for Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG) and hydrocarbon refrigerants for household, commercial and industrial purposes.

The working areas for this business unit are divided into 5 (five) marketing areas, as follows:

Unit Bisnis/ *Business Unit*	Wilayah Pemasaran/ *Marketing Region*
Region I	Sumatera/*Sumatera*
Region II	DKI Jakarta, Banten, Jawa Barat dan Kalimantan Barat/ *DKI Jakarta, Banten, West Java and West Kalimantan*
Region III	Jawa Tengah dan Yogyakarta/ *Central Java and Yogyakarta*
Region IV	Jawa Timur, Bali, Nusa Tenggara Barat dan Nusa Tenggara Timur/ *East Java, Bali, West Nusa Tenggara and East Nusa Tenggara*
Region V	Kalimantan Timur, Kalimantan Tengah, Kalimantan Selatan, Sulawesi, Papua dan Maluku/*East Kalimantan, Central Kalimantan, South Kalimantan, Sulawesi, Papua and Maluku*

5. Aviasi

Unit bisnis yang menangani usaha pemasaran untuk bahan bakar penerbangan dan jasa di Indonesia dan Timor Leste.

Untuk wilayah kerja ini terbagi menjadi 4 (empat) wilayah pemasaran, sebagai berikut:

5. Aviation

Business unit that handles marketing activities for aviation products and services in Indonesia and Timor Leste.

The working areas for this business unit are divided into 4 (four) marketing areas, as follows:

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

ii. Wilayah kerja, kegiatan usaha dan alamat utama (lanjutan)

1. GENERAL (continued)

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

ii. Working areas, business activities and principal address (continued)

Unit Bisnis/ *Business Unit*	Wilayah Pemasaran/ *Marketing Region*
Region I	Sumatera/*Sumatera*
Region II	DKI Jakarta, Banten, Jawa Barat, Jawa Tengah, Yogyakarta dan Kalimantan Barat/ *DKI Jakarta, Banten, West Java, Central Java, Yogyakarta and West Kalimantan*
Region III	Jawa Timur, Bali, Nusa Tenggara Barat , Nusa Tenggara Timur, Kalimantan Timur, Kalimantan Tengah dan Kalimantan Selatan/ *East Java, Bali, West Nusa Tenggara, East Nusa Tenggara, East Kalimantan, Central Kalimantan and South Kalimantan*
Region IV	Sulawesi, Papua dan Maluku/*Sulawesi, Papua and Maluku*

6. Niaga

Unit bisnis yang menangani usaha ekspor-impor dan penjualan domestik untuk bitumen (aspal), *special chemicals, bio-fuels*, dan petrokimia.

Untuk aktivitas pemasaran dan pembelian luar negeri dilakukan di divisi pemasaran luar negeri di Kantor Pusat.

<u>Aktivitas Perkapalan</u>

Aktivitas perkapalan termasuk kegiatan pengangkutan minyak mentah, LPG dan hasil minyak antar unit.

- <u>Kantor Pusat Perusahaan</u>

Kantor pusat Perusahaan beralamat di Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

6. Trading

Business unit that handles export-import activities and domestic sales of bitumen (asphalt), special chemicals, and bio-fuels and petrochemicals.

Overseas marketing and purchasing activities are conducted by the Head Office's foreign marketing division.

<u>Shipping Activities</u>

Shipping activities include the transportation of crude oil, LPG and oil products between units.

- *<u>Principal Address</u>*

The principal address of the Company is Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

(Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan)

a. PT Pertamina (Persero) ("Perusahaan") (lanjutan)

iii. Dewan Komisaris dan Direksi Perusahaan

Sesuai dengan surat keputusan Menteri Negara Badan Usaha Milik Negara No. KEP-234/MBU/2009 tanggal 4 November 2009, susunan dari Dewan Komisaris Perusahaan pada tanggal 31 Desember 2009 adalah sebagai berikut:

Komisaris Independen merangkap pelaksana tugas Komisaris Utama	Umar Said	*Independent Commissioner and interim President Commissioner*
Komisaris	Muhammad Abduh	*Commissioner*
Komisaris	Maizar Rahman	*Commissioner*
Komisaris	Sumarsono	*Commissioner*
Komisaris	Humayun Bosha	*Commissioner*

Sesuai dengan surat keputusan Menteri Negara Badan Usaha Milik Negara No. KEP-106/MBU/2007 tanggal 26 Juni 2007, susunan dari Dewan Komisaris Perusahaan pada tanggal 31 Desember 2008 adalah sebagai berikut:

Komisaris Utama	Endriartono Sutarto	*President Commissioner*
Komisaris Independen	Umar Said	*Independent Commissioner*
Komisaris	Muhammad Abduh	*Commissioner*
Komisaris	Maizar Rahman	*Commissioner*
Komisaris	Achmad Rochjadi	*Commissioner*

Sesuai dengan surat keputusan Menteri Negara Badan Usaha Milik Negara No. KEP-30/MBU/2009 tanggal 5 Februari 2009 dan surat Dewan Komisaris No. 501/K/DK/2009 tanggal 11 November 2009 tentang penunjukkan pelaksana tugas sementara Direktur Hulu, efektif 5 Februari 2009, susunan dari Direksi Perusahaan pada tanggal 31 Desember 2009 adalah sebagai berikut:

Direktur Utama	Galaila Karen Kardinah (Karen Agustiawan)	*President Director*
Wakil Direktur Utama	Omar Sjawaldy Anwar	*Vice President Director*
Direktur Hulu	Karen Agustiawan	*Upstream Activities Director*
Direktur Pengolahan	Rukmi Hadihartini	*Processing Activities Director*
Direktur Pemasaran dan Niaga	Achmad Faisal	*Marketing and Trading Director*
Direktur Keuangan	Ferederick S.T. Siahaan	*Finance Director*
Direktur Umum dan Sumber Daya Manusia	Waluyo	*General Affairs and Human Resources Director*

1. GENERAL (continued)

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

iii. The Company's Boards of Commissioners and Directors

In accordance with the decision letter of the Minister of State-Owned Enterprises No. KEP-234/MBU/2009 dated November 4, 2009, the composition of the Board of Commissioners of the Company as of December 31, 2009 is as follows:

In accordance with the decision letter of the Minister of State-Owned Enterprises No. KEP-106/MBU/2007 dated June 26, 2007, the composition of the Board of Commissioners of the Company as of December 31, 2008 is as follows:

In accordance with the decision letter of the Minister of State-Owned Enterprises No. KEP-30/MBU/2009 dated February 5, 2009 and letter No. 501/K/DK/2009 dated November 11, 2009 of the Board of Commissioners concerning the appointment of an interim executor of the duties of the Upstream Activities Director, effective on February 5, 2009, the composition of the Board of Directors of the Company as of December 31, 2009 is as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan)

a. PT Pertamina (Persero) (”Perusahaan”) (lanjutan)

iii. Dewan Komisaris dan Direksi Perusahaan (lanjutan)

Sesuai dengan surat keputusan Menteri Negara Badan Usaha Milik Negara No. KEP-53/MBU/2008 tanggal 5 Maret 2008, susunan dari Direksi Perusahaan pada tanggal 31 Desember 2008 adalah sebagai berikut:

1. GENERAL (continued)

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

iii. The Company’s Boards of Commissioners and Directors (continued)

In accordance with the decision letter of the Minister of State-Owned Enterprises No. KEP-53/MBU/2008 dated March 5, 2008, the composition of the Board of Directors of the Company as of December 31, 2008 is as follows:

Direktur Utama	Ari Sumarno	*President Director*
Wakil Direktur Utama	Iin Arifin Takhyan	*Vice President Director*
Direktur Hulu	Galaila Karen Kardinah (Karen Agustiawan)	*Upstream Activities Director*
Direktur Pengolahan	Rukmi Hadihartini	*Processing Activities Director*
Direktur Pemasaran dan Niaga	Achmad Faisal	*Marketing and Trading Director*
Direktur Keuangan	Ferederick S.T. Siahaan	*Finance Director*
Direktur Umum dan Sumber Daya Manusia	Waluyo	*General Affairs and Human Resources Director*

iv. Jumlah karyawan

Perusahaan dan anak perusahaan pada tanggal 31 Desember 2009 dan 2008 memiliki karyawan tetap masing-masing sebanyak 21.892 dan 22.400 karyawan (tidak diaudit).

iv. Number of employees

The Company and subsidiaries as of December 31, 2009 and 2008 had 21,892 and 22,400 permanent employees, respectively (unaudited).

b. Anak Perusahaan dan Perusahaan Asosiasi

i. Anak Perusahaan

Pada tanggal 31 Desember 2009 dan 2008, Perusahaan dan Anak Perusahaan memiliki kepemilikan lebih dari 50%, secara langsung maupun tidak langsung, pada Anak Perusahaan sebagai berikut:

b. Subsidiaries and Associated Companies

i. Subsidiaries

As of December 31, 2009 and 2008, the Company and Subsidiaries have ownership interests of more than 50%, directly or indirectly, in the following Subsidiaries:

	Persentase Kepemilikan/ *Percentage of Ownership*					
	Tidak Langsung/ *Indirect*		**Langsung/ *Direct***		**Efektif/ *Effective***	
Anak Perusahaan/ *Subsidiaries*	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
1. Pertamina Energy Trading Limited, Hong Kong	-	-	100,00%	100,00%	100,00%	100,00%
Anak Perusahaan Pertamina Energy Trading Limited:/ *Subsidiaries of Pertamina Energy Trading Limited:*						
• Zambesi Investments Limited, Hong Kong	100,00%	100,00%	-	-	100,00%	100,00%
• Pertamina Energy Service Pte. Limited, Singapura/ *Singapore*	100,00%	100,00%	-	-	100,00%	100,00%

(Expressed in millions of Rupiah,
unless otherwise stated)

1. UMUM (lanjutan) / ***1. GENERAL (continued)***

b. Anak Perusahaan dan Perusahaan Asosiasi (lanjutan) / ***b. Subsidiaries and Associated Companies (continued)***

i. Anak Perusahaan (lanjutan) / ***i. Subsidiaries (continued)***

	Persentase Kepemilikan/ *Percentage of Ownership*					
	Tidak Langsung/ *Indirect*		**Langsung/ *Direct***		**Efektif/ *Effective***	
Anak Perusahaan/ *Subsidiaries*	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
2. PT Usayana, Indonesia	-	-	95,00%	95,00%	95,00%	95,00%
Anak Perusahaan PT Usayana:/ *Subsidiaries of PT Usayana:*						
• PT Kridayana, Indonesia (telah dilikuidasi pada tahun 2009/*has been liquidated in 2009)*	-	100,00%	-	-	-	95,00%
• PT Usayana Karyamegah, Indonesia (telah dilikuidasi pada tahun 2009/*has been liquidated in 2009)*	-	100,00%	-	-	-	95,00%
• PT Usayana Sarana Consultant, Indonesia (telah dilikuidasi pada tahun 2009/*has been liquidated in 2009)*	-	100,00%	-	-	-	95,00%
• PT Patra Drilling Contractor, Indonesia	99,96%	99,96%	-	-	94,96%	94,96%
• PT Runa Ikana, Indonesia	99,90%	99,90%	-	-	94,91%	94,91%
• PT Yekapepe Wiperta, Indonesia	99,83%	99,83%	-	-	94,84%	94,84%
• PT Patra Wahana Kridatama, Indonesia	99,80%	99,80%	-	-	94,81%	94,81%
• PT Patra Usaha Sejahtera, Indonesia	99,00%	99,00%	-	-	94,05%	94,05%
• PT Mitra Tours & Travel, Indonesia	88,60%	88,60%	-	-	84,17%	84,17%
• PT Quatra Jasa Mineral, Indonesia	86,99%	86,99%	-	-	82,64%	82,64%
• PT Mitra Andrawina, Indonesia	85,00%	85,00%	-	-	80,75%	80,75%
• PT Patra Dinamika, Indonesia (telah dijual pada tahun 2009/ *ownership interest sold in 2009)*	-	80,00%	-	-	-	76,00%
• PT Yekapepe Usaco, Indonesia (telah dilikuidasi pada tahun 2009/*has been liquidated in 2009)*	-	75,00%	-	-	-	71,25%
3. PT Pertamina Hulu Energi, Indonesia (dahulu/*formerly* PT Pertahulu Energy, Indonesia)	1,28%	1,28%	98,72%	98,72%	100,00%	100,00%
Anak Perusahaan PT Pertamina Hulu Energi:/*Subsidiaries of PT Pertamina Hulu Energi*:						
• PT Pertamina Hulu Energi Karama, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Jabung, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Tomori Sulawesi, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Jambi Merang, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%

(Expressed in millions of Rupiah,
unless otherwise stated)

1. UMUM (lanjutan) / *1. GENERAL (continued)*

b. Anak Perusahaan dan Perusahaan Asosiasi (lanjutan) / *b. Subsidiaries and Associated Companies (continued)*

i. Anak Perusahaan (lanjutan) / *i. Subsidiaries (continued)*

	Persentase Kepemilikan/ *Percentage of Ownership*					
	Tidak Langsung/ *Indirect*		Langsung/ *Direct*		Efektif/ *Effective*	
Anak Perusahaan/ *Subsidiaries*	2009	2008	2009	2008	2009	2008
• PT Pertamina Hulu Energi Simenggaris, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Salawati, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Raja Tempirai, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Gebang North Sumatera, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi South Jambi B, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Kakap, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Tuban East Java, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Ogan Komering, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi West Madura Offshore, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Tengah K, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Corridor, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Salawati Basin, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Makassar Strait, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Pasiriaman, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energis Coastal Plains Pekanbaru, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Donggala, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• PT Pertamina Hulu Energi Tuban, Indonesia	99,00%	99,00%	-	-	97,73%	97,73%
• Pertamina Hulu Energi ONWJ, Delaware, USA	100,00%	-	-	-	98,72%	-
• Pertamina Hulu Energi Australia Pty. Ltd., Australia	100,00%	-	-	-	98,72%	-
4. PT Patra Jasa, Indonesia	0,02%	0,02%	99,98%	99,98%	100,00%	100,00%
5. PT Patra Niaga, Indonesia	0,18%	0,18%	99,82%	99,82%	100,00%	100,00%
Anak Perusahaan PT Patra Niaga:/ *Subsidiaries of PT Patra Niaga:*						
• PT Perta Insana, Indonesia	99,00%	99,00%	-	-	98,82%	98,82%
• PT Elnusa Rekabina Indonesia	99,00%	99,00%	-	-	99,82%	98,82%
• PT Patra Trading, Indonesia	98,00%	98,00%	-	-	97,82%	97,82%
• PT Patra Logistik, Indonesia (dahulu/*formerly* PT Elnusa Kawasan Komersial, Indonesia)	90,00%	90,00%	-	-	89,84%	89,84%

(Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan) / ***1. GENERAL (continued)***

b. Anak Perusahaan dan Perusahaan Asosiasi (lanjutan) / ***b. Subsidiaries and Associated Companies (continued)***

i. Anak Perusahaan (lanjutan) / ***i. Subsidiaries (continued)***

	Persentase Kepemilikan/ *Percentage of Ownership*					
	Tidak Langsung/ *Indirect*		**Langsung/ *Direct***		**Efektif/ *Effective***	
Anak Perusahaan/ *Subsidiaries*	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
• PT Patra Teknik, Indonesia	75,70%	75,70%	-	-	75,56%	75,56%
• PT Patra Fabrikasi, Indonesia	55,00%	55,00%	-	-	54,90%	54,90%
6. PT Pertamina Tongkang, Indonesia	0,01%	0,01%	99,99%	99,99%	100,00%	100,00%
Anak Perusahaan PT Pertamina Tongkang:/ *Subsidiaries of PT Pertamina Tongkang:*						
• Peteka Global Marine, S.A., Panama, Panama	100,00%	100,00%	-	-	99,99%	99,99%
• PT Peteka Karya Gapura, Indonesia	99,99%	99,99%	-	-	99,98%	99,98%
PT Peteka Karya Tirta, Indonesia	99,99%	99,99%	-	-	99,98%	99,98%
• PT Peteka Karya Jala, Indonesia	99,99%	99,99%	-	-	99,98%	99,98%
• PT Peteka Karya Samudera, Indonesia	99,99%	99,99%	-	-	99,98%	98,98%
7. PT Pelita Air Service, Indonesia	0,01%	0,01%	99,99%	99,99%	100,00%	100,00%
Anak Perusahaan PT Pelita Air Service:/ *Subsidiary of PT Pelita Air Service:*						
• PT Indopelita Aircraft Service, Indonesia	99,72%	99,72%	-	-	99,71%	99,71%
8. PT Patra Dok Dumai, Indonesia (dalam proses likuidasi/ *in liquidation process*)	-	0,03%	-	99,97%	-	100,00%
9. PT Pertamina Retail, Indonesia	0,03%	0,03%	99,97%	99,97%	100,00%	100,00%
10. PT Pertamina Bina Medika, Indonesia	0,03%	0,03%	99,97%	99,97%	100,00%	100,00%
11. PT Pertamina Dana Ventura, Indonesia	0,07%	0,07%	99,93%	99,93%	100,00%	100,00%
12. PT Pertamina Training & Consulting, Indonesia	23,75%	23,75%	75,00%	75,00%	98,75%	98,75%
13. PT Pertamina EP, Indonesia	-	-	99,99%	99,99%	99,99%	99,99%
14. PT Pertamina Geothermal Energy, Indonesia	10,00%	10,00%	90,00%	90,00%	100,00%	100,00%
15. Pertamina E&P Libya Limited, British Virgin Islands	-	-	55,00%	55,00%	55,00%	55,00%
16. PT Pertamina EP Cepu, Indonesia	-	-	99,00%	99,00%	99,00%	99,00%
17. PT Pertamina Gas, Indonesia (dahulu/*formerly* PT Pertagas, Indonesia)	1,00%	1,00%	99,00%	99,00%	100,00%	100,00%
18. PT Pertamina EP Randugunting, Indonesia	1,00%	1,00%	99,00%	99,00%	100,00%	100,00%

(Expressed in millions of Rupiah, unless otherwise stated)

1. UMUM (lanjutan) / ***1. GENERAL (continued)***

b. Anak Perusahaan dan Perusahaan Asosiasi (lanjutan) / ***b. Subsidiaries and Associated Companies (continued)***

i. Anak Perusahaan (lanjutan) / ***i. Subsidiaries (continued)***

Anak Perusahaan/ *Subsidiaries*	Persentase Kepemilikan/ *Percentage of Ownership*					
	Tidak Langsung/ *Indirect*		Langsung/ *Direct*		Efektif/ *Effective*	
	2009	2008	2009	2008	2009	2008
19. PT Tugu Pratama Indonesia, Indonesia	-	-	65,00%	65,00%	65,00%	65,00%
Anak Perusahaan PT Tugu Pratama Indonesia:/ *Subsidiaries of PT Tugu Pratama Indonesia:*						
• Tugu Insurance Company Limited, Hong Kong:	34,13%	34,13%	47,50%	47,50%	81,63%	81,63%
• PT Tugu Pratama Interindo, Indonesia	99,99%	99,99%	-	-	64,99%	64,99%
• PT Pratama Mitra Sejati, Indonesia	99,99%	99,99%	-	-	64,99%	64,99%
• TRB (London) Ltd., Inggris/*England*	100,00%	100,00%	-	-	47,50%	47,50%
• Synergy Risk Management, Consultant Ltd. Inggris/ *England*	100,00%	100,00%	-	-	47,50%	47,50%
• Synergy Risk Management, Consultant Ltd, Indonesia	100,00%	100,00%	-	-	47,50%	47,50%
20. PT Pertamina Drilling Services Indonesia, Indonesia	1,00%	1,00%	99,00%	99,00%	100,00%	100,00%

ii. Perusahaan Asosiasi / ***ii. Associated Companies***

Perusahaan-perusahaan asosiasi dengan kepemilikan langsung adalah sebagai berikut:

The directly owned associated companies are as follows:

Perusahaan Asosiasi/ *Associated Companies*	Persentase Kepemilikan/ *Percentage of Ownership*	Kegiatan Usaha/ *Nature of Business*
1. PT Arun NGL, Indonesia	55,00%	Pengolahan LNG/*LNG processing*
2. PT Badak NGL, Indonesia	55,00%	Pengolahan LNG/*LNG processing*
3. PT Patra Supplies Service, Indonesia	50,00%	Jasa boga/*Catering services*
4. Pacific Petroleum Trading Co., Jepang/*Japan*	50,00%	Jasa pemasaran/*Marketing services*
5. Nusantara Gas Service Co., Jepang/*Japan*	49,00%	Jasa pemasaran/*Marketing services*
6. Korea Indonesian Petroleum Co., Malaysia	45,00%	Jasa pemasaran/*Marketing services*
7. PT Elnusa Tbk, Indonesia	41,10%	Pengolahan dan penjualan olahan minyak dan gas, jasa konstruksi dan perminyakan, teknologi informasi dan telekomunikasi/ *Processing and sales of oil and gas products, construction and oilfield services, information technology and telecommunications*
8. PT Permiko Engineering and Construction, Indonesia	36,00%	Jasa konstruksi/*Construction services*
9. PT Purna Bina Indonesia, Indonesia	22,30%	Jasa konstruksi/*Construction services*
10. PT Nippon Steel Construction Indonesia, Indonesia	20,00%	Jasa konstruksi/*Construction services*

1. UMUM (lanjutan)

1. GENERAL (continued)

b. Anak Perusahaan dan Perusahaan Asosiasi (lanjutan)

b. Subsidiaries and Associated Companies (continued)

ii. Perusahaan Asosiasi (lanjutan)

ii. Associated Companies (continued)

Perusahaan-perusahaan asosiasi dengan kepemilikan tidak langsung adalah sebagai berikut:

The indirectly owned associated companies are as follows:

	Perusahaan Asosiasi/ *Associated Companies*	**Persentase Kepemilikan/ *Percentage of Ownership***	**Kegiatan Usaha/ *Nature of Business***
1.	PT Yekapepe Usaha Nusa, Indonesia	38,00%	Kontraktor/*Contractor*
2.	PT Yekapepe Intigraha, Indonesia	38,00%	Jasa pengelolaan gedung/ *Building management services*
3.	PT Patra SK, Indonesia	34,94%	Pengolahan bahan baku pelumas/ *Lubricants processing*
4.	PT Donggi Senoro LNG, Indonesia	29,00%	Jasa pemurnian dan pencairan gas/*Purification and liquefaction of natural gas services*
5.	PT Tugu Reasuransi Indonesia, Indonesia	21,39%	Reasuransi/*Reinsurance*

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kebijakan akuntansi dan pelaporan keuangan yang telah diterapkan oleh Perusahaan dan Anak Perusahaan sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia, yaitu berdasarkan Pernyataan Standar Akuntansi Keuangan (PSAK). Kebijakan akuntansi yang signifikan diterapkan secara konsisten dalam penyusunan laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 oleh Perusahaan dan Anak Perusahaan, dan adalah sebagai berikut:

The accounting and financial reporting policies adopted by the Company and Subsidiaries conform to generally accepted accounting principles in Indonesia, which are based on Indonesian Statements of Financial Accounting Standards ("PSAK"). The significant accounting policies were applied consistently in the preparation of the consolidated financial statements for the years ended December 31, 2009 and 2008 by the Company and Subsidiaries, and are as follows:

a. Dasar penyusunan laporan keuangan konsolidasian

a. Basis of preparation of consolidated financial statements

Laporan keuangan konsolidasian disusun berdasarkan konsep akrual. Konsep harga perolehan digunakan dalam penyusunan laporan keuangan konsolidasian, kecuali dinyatakan lain di dalam catatan atas laporan keuangan konsolidasian.

The consolidated financial statements have been prepared on the accrual basis. The historical cost basis is used in the preparation of the consolidated financial statements, except as otherwise disclosed in the notes to the consolidated financial statements.

Laporan arus kas konsolidasian disusun dengan menggunakan metode tidak langsung dan menyajikan arus kas menjadi kegiatan operasi, investasi dan pendanaan.

The consolidated statements of cash flows have been prepared using the indirect method and classify cash flows into operating, investing and financing activities.

Laporan keuangan konsolidasian disajikan dalam jutaan Rupiah, kecuali dinyatakan lain.

The consolidated financial statements are presented in millions of Rupiah, unless otherwise stated.

(Expressed in millions of Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

b. Prinsip konsolidasi

Laporan keuangan konsolidasian meliputi laporan keuangan Perusahaan dan Anak Perusahaan dimana Perusahaan mempunyai kepemilikan saham langsung atau tidak langsung lebih dari 50%. Anak Perusahaan dikonsolidasi sejak tanggal dimana kendali beralih kepada Perusahaan dan Anak Perusahaan dan dihentikan untuk dikonsolidasi sejak tanggal dimana kendali hilang. Kendali Perusahaan dianggap ada apabila Perusahaan memiliki secara langsung atau tidak langsung melalui Anak Perusahaan, lebih dari 50% modal masing-masing entitas, atau Perusahaan dan Anak Perusahaan memiliki kemampuan untuk mengendalikan entitas jika kepemilikan modal 50% atau kurang.

Hak Minoritas atas Aset Bersih Anak Perusahaan yang Dikonsolidasi merupakan hak pemegang saham minoritas atas aset bersih Anak Perusahaan yang tidak dimiliki sepenuhnya oleh Perusahaan.

Saldo dan transaksi antar perusahaan dieliminasi dalam laporan keuangan konsolidasian.

Anak Perusahaan yang termasuk dalam laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation

The consolidated financial statements include the accounts of the Company and Subsidiaries wherein the Company has a direct or indirect ownership interest of more than 50%. Subsidiaries are consolidated from the date control is transferred to the Company and Subsidiaries and cease to be consolidated from the date control is lost. Control is presumed to exist when the Company owns, directly or indirectly through Subsidiaries, more than 50% of the equity of the respective entities, or the Company and its Subsidiaries have the ability to control the entity if ownership is equal to 50% or less.

Minority Interests in Net Assets of Consolidated Subsidiaries represent the minority shareholders' proportionate shares in the equity of the Subsidiaries that are not wholly-owned by the Company.

Inter-company balances and transactions are eliminated in the consolidated financial statements.

The Subsidiaries included in the consolidated financial statements for the years ended December 31, 2009 and 2008 are as follows:

Nama Anak Perusahaan/ *Name of Subsidiaries*	Kegiatan Usaha/ *Nature of Business*	Tahun Pendirian/ *Year of Establishment*	Jumlah Aset (Rp jutaan)/ *Total Assets (Rp millions)* 2009	2008
1. Pertamina Energy Trading Limited (PETRAL) dan Anak Perusahaan/ *and its Subsidiaries*	Perdagangan minyak mentah dan hasil olahan minyak/ *Trading of crude oil and oil products*	1976	12.280.855	4.067.670
2. PT Usayana dan Anak Perusahaan/ *and its Subsidiaries*	Jasa pengeboran minyak dan gas/ *Oil and gas drilling services*	1979	414.002	547.763
3. PT Pertamina Hulu Energi dan Anak Perusahaan/ *and its Subsidiaries*	Eksplorasi dan produksi minyak dan gas/ *Oil and gas exploration and production*	1990	33.486.529	18.732.864
4. PT Patra Jasa	Sewa perkantoran, perumahan dan hotel/ *Rental of offices and housing, and operation of hotels*	1975	362.930	348.647

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan) / ***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

b. Prinsip konsolidasi (lanjutan) / ***b. Principles of consolidation (continued)***

Nama Anak Perusahaan/ *Name of Subsidiaries*	Kegiatan Usaha/ *Nature of Business*	Tahun Pendirian/ *Year of Establishment*	Jumlah Aset (Rp jutaan)/ *Total Assets (Rp millions)* 2009	2008
5. PT Patra Niaga dan Anak Perusahaan/ *and its Subsidiaries*	Jasa, perdagangan, dan aktivitas industri/ *Services, trading and industrial activities*	1997	1.720.708	1.136.290
6. PT Pertamina Tongkang dan Anak Perusahaan/ *and its Subsidiaries*	Perkapalan/ *Shipping*	1969	648.857	629.744
7. PT Pelita Air Service dan Anak Perusahaan/ *and its Subsidiary*	Jasa pengangkutan udara/ *Air transportation services*	1970	614.721	768.084
8. PT Patra Dok Dumai (dalam proses likuidasi/ *in liquidation process*)	Jasa perbaikan kapal dan galangan kapal/ *Vessel repair services and docking services*	1994	-	27.554
9. PT Pertamina Retail	Pengolahan pelumas/ *Lubricants processing*	1997	207.566	163.948
10. PT Pertamina Bina Medika	Jasa kesehatan dan pengoperasian rumah sakit/ *Health services and operation of hospitals*	1997	846.869	782.808
11. PT Pertamina Dana Ventura	Manajemen portofolio/ *Investment management*	2002	1.100.894	1.064.142
12. PT Pertamina Training & Consulting	Jasa pengembangan sumber daya manusia/ *Human resources development services*	1999	48.000	28.356
13. PT Pertamina EP	Eksplorasi dan produksi minyak dan gas/ Oil and gas exploration and production	2005	70.053.360	63.535.601
14. PT Pertamina Geothermal Energy	Pengusahaan sumber daya panas bumi, meliputi eksplorasi dan produksi uap dan produksi listrik/ *Geothermal activities, including exploration for and production of steam and generation of electricity*	2006	7.781.258	4.873.175
15. Pertamina E&P Libya Limited	Eksplorasi dan produksi minyak dan gas/ *Oil and gas exploration and production*	2005	14.731	196.060
16. PT Pertamina EP Cepu	Eksplorasi dan produksi minyak dan gas/ *Oil and gas exploration and production*	2005	2.886.274	1.754.394
17. PT Pertamina Gas	Niaga minyak dan gas, transportasi gas, pemrosesan, distribusi dan penyimpanan minyak dan gas/ *Oil and gas trading, gas transportation, processing, distribution and storage*	2007	1.745.882	1.558.717
18. PT Pertamina EP Randugunting	Eksplorasi dan produksi minyak dan gas/ *Oil and gas exploration and production*	2007	10.763	5.258
19. PT Tugu Pratama Indonesia	Jasa asuransi/*Insurance services*	1981	3.386.682	3.510.986
20. PT Pertamina Drilling Service Indonesia	Jasa pengeboran minyak dan gas/ *Oil and gas drilling services*	2008	1.797.947	524.639

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

b. Prinsip konsolidasi (lanjutan)

Laporan keuangan PT Elnusa Rekabina, Anak Perusahaan dari PT Patra Niaga, dan PT Yekapepe Usaco, Anak Perusahaan dari PT Usayana, tidak dikonsolidasikan pada laporan keuangan Perusahaan karena dampak perusahaan-perusahaan tersebut terhadap laporan keuangan konsolidasian tidak material. Laporan keuangan PT Perjahl Leasing Indonesia (PT Perjahl), yang dimiliki secara tidak langsung melalui PT Tugu Pratama Indonesia dan PT Tugu Pratama Interindo, tidak dikonsolidasikan pada laporan keuangan Perusahaan karena proses likuidasi PT Perjahl tersebut telah selesai pada tahun 2009.

Investasi Perusahaan pada PT Arun NGL (Arun) dan PT Badak NGL (Badak) dicatat dengan metode biaya karena kepemilikan Perusahaan pada kedua perusahaan tersebut mengatasnamakan Pemerintah dan secara substansial, Perusahaan tidak memiliki kendali atas kedua perusahaan tersebut.

c. Transaksi-transaksi dengan pihak yang mempunyai hubungan istimewa

Sesuai dengan PSAK No. 7, “Pengungkapan Pihak-pihak yang Mempunyai Hubungan Istimewa“, pihak-pihak yang mempunyai hubungan istimewa didefinisikan sebagai entitas yang memiliki hubungan sebagai berikut:

(i) Perusahaan yang melalui satu atau lebih perantara, mengendalikan, atau dikendalikan oleh, atau berada di bawah pengendalian bersama, dengan Perusahaan dan Anak Perusahaan (termasuk Perusahaan Induk, Anak Perusahaan dan *fellow subsidiaries*);

(ii) Perusahaan asosiasi;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

The financial statements of PT Elnusa Rekabina, a Subsidiary of PT Patra Niaga, and PT Yekapepe Usaco, a Subsidiary of PT Usayana, were not consolidated to the financial statements of the Company because the impact of these companies to the consolidated financial statements is immaterial. The financial statements of PT Perjahl Leasing Indonesia (PT Perjahl), indirectly-owned through PT Tugu Pratama Indonesia and PT Tugu Pratama Interindo, were not consolidated to the financial statements of the Company as the liquidation of PT Perjahl was completed in 2009.

The Company accounts for its investments in PT Arun NGL (Arun) and PT Badak NGL (Badak) on a cost basis as the Company’s ownership interests in those companies are held on behalf of the Government and in substance, the Company does not have control over those companies.

c. Related party transactions

In accordance with PSAK No. 7, ”Related Party Disclosures”, related parties are defined as those entities which have the following relationships:

(i) Enterprises that, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company and Subsidiaries (this includes Holding Companies, Subsidiaries and fellow subsidiaries);

(ii) Associated enterprises;

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

c. Transaksi-transaksi dengan pihak yang mempunyai hubungan istimewa (lanjutan)

(iii) Perorangan yang memiliki, baik secara langsung maupun tidak langsung, suatu kepentingan hak suara di Perusahaan dan Anak Perusahaan yang berpengaruh secara signifikan atas Perusahaan dan Anak Perusahaan, dan anggota keluarga dekat dari perorangan tersebut (yang dimaksudkan dengan anggota keluarga dekat adalah mereka yang dapat mempengaruhi atau dipengaruhi perorangan tersebut dalam transaksinya dengan Perusahaan dan Anak Perusahaan);

(iv) Karyawan kunci, yaitu orang-orang yang mempunyai wewenang dan tanggung jawab untuk merencanakan, memimpin dan mengendalikan kegiatan Perusahaan dan Anak Perusahaan, yang meliputi anggota dewan komisaris, direksi dan manajer dari Perusahaan dan Anak Perusahaan serta anggota keluarga dekat orang-orang tersebut; dan

(v) Perusahaan dimana suatu kepentingan substansial dalam hak suara dimiliki, baik secara langsung maupun tidak langsung, oleh setiap orang yang diuraikan dalam (iii) atau (iv) atau setiap orang tersebut mempunyai pengaruh signifikan atas perusahaan tersebut. Ini mencakup perusahaan-perusahaan yang dimiliki anggota dewan komisaris, direksi atau pemegang saham utama dari Perusahaan dan Anak Perusahaan yang mempunyai anggota manajemen kunci yang sama dengan Perusahaan dan Anak Perusahaan.

Semua transaksi yang dilakukan dengan pihak-pihak yang mempunyai hubungan istimewa, baik yang dilakukan dengan atau tidak dengan tingkat harga, kondisi serta persyaratan sama sebagaimana dengan pihak-pihak yang tidak mempunyai hubungan istimewa, telah diungkapkan dalam laporan keuangan konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Related party transactions (continued)

(iii) Individuals owning, directly or indirectly, an interest in the voting rights of the Company and Subsidiaries that gives them significant influence over the Company and Subsidiaries, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the Company and Subsidiaries);

(iv) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Subsidiaries, including the members of the boards of commissioners and directors, and managers of the Company and Subsidiaries and close members of the families of such individuals; and

(v) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence. This includes enterprises owned by members of the boards of commissioners and directors or major shareholders of the Company and Subsidiaries that have a member of key management in common with the Company and Subsidiaries.

All transactions with related parties made with or without the same price, conditions and terms as with unrelated parties, are disclosed in the consolidated financial statements.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

c. Transaksi-transaksi dengan pihak yang mempunyai hubungan istimewa (lanjutan)

Transaksi Perusahaan dan Anak Perusahaan dengan Badan Usaha Milik Negara/Daerah, Tentara Nasional Indonesia (TNI), Kepolisian Negara Republik Indonesia (POLRI), dan perusahaan-perusahaan lain yang dimiliki/dikendalikan oleh Negara/Daerah tidak diperhitungkan sebagai transaksi dengan pihak-pihak yang mempunyai hubungan istimewa.

d. Kas dan setara kas

Kas, bank, dan semua deposito yang jatuh tempo dalam tiga bulan atau kurang sejak tanggal penempatan dan tidak digunakan sebagai jaminan atau tidak dibatasi penggunaannya dikelompokkan sebagai "setara kas".

Kas dan setara kas yang dibatasi penggunaannya yang akan digunakan untuk membayar kewajiban yang akan jatuh tempo dalam waktu satu tahun disajikan sebagai "Dana yang Dibatasi Penggunaannya" sebagai bagian dari Aset Lancar pada neraca konsolidasian. Kas dan setara kas yang akan digunakan untuk membayar kewajiban yang akan jatuh tempo dalam waktu lebih dari satu tahun dari tanggal neraca konsolidasian disajikan sebagai "Aset Lain-lain - bersih" sebagai bagian dari Aset Tidak Lancar pada neraca konsolidasian.

e. Investasi jangka pendek

(i) Deposito berjangka

Deposito berjangka dengan jatuh tempo kurang dari tiga bulan sejak tanggal penempatan yang digunakan sebagai jaminan, atau yang dibatasi penggunaannya dan deposito berjangka yang jatuh temponya lebih dari tiga bulan disajikan sebagai "Investasi jangka pendek" dan disajikan sebesar nilai nominal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Related party transactions (continued)

Transactions of the Company and Subsidiaries involving State/Region-Owned Entities, Indonesian Armed Forces (TNI), the National Police Force (POLRI), and other companies owned/controlled by the State/Regions, are not designated as related party transactions.

d. Cash and cash equivalents

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

Restricted cash and cash equivalents which will be used to pay currently maturing obligations are presented as "Restricted Funds" under the Current Assets section of the consolidated balance sheets. Cash and cash equivalents which will be used to pay obligations maturing after one year from the consolidated balance sheet date are presented as part of "Other Assets - net" under the Non - Current Assets section of the consolidated balance sheets.

e. Short-term investments

(i) Time deposits

Time deposits with maturities of not more than three months at the time of placement which are pledged as collateral, or which are subject to restrictions and time deposits with maturities of more than three months are presented as "Short-term investments" and are carried at nominal values.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

e. Investasi jangka pendek (lanjutan)

(ii) <u>Penempatan investasi pada efek yang nilai wajarnya tersedia</u>

Investasi ini dapat berupa efek hutang dan efek ekuitas dan digolongkan dalam kelompok berikut:

a. Diperdagangkan

Efek yang dibeli dan dimiliki untuk dijual kembali dalam waktu dekat, yang biasanya ditunjukkan dengan tingginya frekuensi aktivitas transaksi pembelian dan penjualan. Investasi dalam kelompok ini diukur sebesar nilai wajarnya dan laba dan rugi yang belum direalisasi diakui pada laporan laba rugi konsolidasian periode yang bersangkutan.

b. Dimiliki hingga jatuh tempo

Investasi dalam efek hutang yang dimaksudkan untuk dimiliki hingga jatuh tempo diukur sebesar biaya perolehan yang disesuaikan dengan premi atau diskonto yang belum diamortisasi.

c. Tersedia untuk dijual

Investasi dalam efek yang tidak memenuhi kriteria kelompok "diperdagangkan" atau "dimiliki hingga jatuh tempo" diukur sebesar nilai wajarnya. Laba atau rugi yang belum direalisasi dari kenaikan atau penurunan nilai wajar disajikan sebagai komponen ekuitas pada neraca konsolidasian dan tidak diakui sebagai keuntungan atau kerugian sampai direalisasi.

Penurunan nilai wajar efek yang bersifat permanen, dibebankan pada laporan laba rugi konsolidasian pada tahun terjadinya.

Laba atau rugi yang direalisasi terkait dengan efek ditentukan berdasarkan metode rata-rata tertimbang, kecuali untuk efek yang dimiliki hingga jatuh tempo, yang laba atau rugi diakui berdasarkan metode identifikasi khusus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Short-term investments (continued)

(ii) <u>Investments in securities that have readily determinable fair values</u>

These investments involve debt and equity securities and are classified into:

a. Trading

Securities that are bought and held principally for the purpose of selling in the near term, which is indicated by frequent buying and selling transactions activity. These securities are carried at fair value, and unrealized gains and losses are recognized in the current period's consolidated statement of income.

b. Held-to-maturity

Debt securities which are intended to be held-to-maturity are stated at cost net of unamortized discounts or premiums.

c. Available-for-sale

Investments in securities that are not classified as either trading or held-to-maturity investments are carried at fair value. Unrealized gains or losses arising from appreciation or decline in fair values are presented as a component of equity in the consolidated balance sheets and are not recognized as gains or losses until realized.

Any permanent decline in the fair value of securities is charged to the consolidated statement of income in the year incurred.

Realized gains or losses in respect of securities are determined on the basis of the average weighted method, except for held-to-maturity securities for which gains or losses are recognized on the basis of the specific identification method.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

f. Piutang

Piutang disajikan sebesar perkiraan nilai yang dapat dipulihkan setelah dikurangi penyisihan piutang ragu-ragu yang ditentukan berdasarkan hasil penelaahan manajemen terhadap keadaan masing-masing akun piutang pada akhir periode. Piutang dihapuskan pada tahun ketika dipastikan ditetapkan tidak dapat tertagih.

Restrukturisasi piutang

Restrukturisasi piutang meliputi modifikasi persyaratan piutang, konversi piutang menjadi investasi atau instrumen keuangan lainnya dan/atau kombinasi dari keduanya.

Kerugian yang timbul dari restrukturisasi piutang yang berkaitan dengan modifikasi persyaratan piutang hanya diakui bila nilai sekarang dari jumlah penerimaan kas yang akan datang yang telah ditentukan dalam persyaratan restrukturisasi termasuk penerimaan kas yang diperuntukkan baik sebagai bunga maupun pokok, adalah lebih kecil dari nilai tercatat piutang yang tercatat sebelum restrukturisasi.

Untuk restrukturisasi piutang dengan cara konversi piutang menjadi investasi atau instrumen keuangan lainnya, kerugian dari restrukturisasi piutang diakui hanya apabila nilai wajar penyertaan saham atau instrumen keuangan yang diterima dikurangi estimasi biaya untuk menjualnya adalah kurang dari nilai buku piutang.

g. Penyisihan piutang ragu-ragu

Penyisihan piutang ragu-ragu dibentuk berdasarkan penelaahan terhadap masing-masing akun piutang pada akhir periode. Perusahaan dan Anak Perusahaan membuat penyisihan untuk piutang tidak tertagih yang berumur lebih dari dua tahun yang diperkirakan tidak dapat tertagih serta debitur yang sudah tidak aktif lagi (tidak ada transaksi dalam dua tahun terakhir).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Receivables

Receivables are presented at their estimated recoverable amount after deducting allowances for doubtful accounts based on management's review of the status of each account at the end of the financial periods. Receivables are written off during the years in which they are determined to be uncollectible.

Restructuring of accounts receivable

Restructuring of accounts receivable include modification of the terms of the receivables, the conversion of receivables into investments or other financial instruments and/or a combination of both.

Losses arising from the restructuring of accounts receivable relating to the modification of the terms of accounts receivable are recognized only if the present value of future cash receipts that has been defined in restructuring terms including cash receipts designated either as interest or principal, is less than the carrying value of accounts receivable before the restructuring.

For the restructuring of accounts receivable through the conversion of receivables into investments or other financial instruments, restructuring losses on accounts receivable are recognized only if the fair value of investments in shares or financial instruments received less estimated costs to sell is less than the net book value of accounts receivable.

g. Allowance for doubtful accounts

Allowances for doubtful accounts are provided based on a review of the status of the individual receivable accounts at the end of the period. The Company and Subsidiaries provide an allowance for doubtful accounts for receivables involving aging of for more than two years, which are estimated to be uncollectible and for inactive debtors (without continuing transactions within the past two years).

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

h. Persediaan

Persediaan minyak mentah dan persediaan hasil minyak dinilai berdasarkan nilai terendah antara biaya perolehan dan nilai realisasi bersih.

Biaya perolehan ditentukan berdasarkan metode rata-rata dan termasuk semua biaya pembelian, biaya konversi, dan biaya lain yang terjadi untuk membawa persediaan ke tempat dan kondisi saat ini.

Nilai realisasi bersih untuk produk BBM bersubsidi adalah harga *MOPS* (*Mid Oil Platt's Singapore)* ditambah dengan biaya distribusi dan margin (Alfa) dikurangi dengan estimasi biaya penyelesaian dan estimasi biaya untuk melakukan penjualan.

Nilai realisasi bersih untuk produk LPG tabung 3 kg adalah *Contract Pric*e LPG Aramco ditambah biaya distribusi dan margin (Alfa) dikurangi dengan estimasi biaya penyelesaian dan estimasi biaya untuk melakukan penjualan.

Persediaan material seperti suku cadang, bahan kimia dan sebagainya, dicatat berdasarkan metode rata-rata, tidak termasuk persediaan usang, tidak terpakai, dan lambat pergerakannya yang disajikan dalam akun "Aset tidak lancar - Aset lain-lain - bersih".

Penyisihan penurunan nilai persediaan usang, tidak terpakai, dan lambat pergerakannya dilakukan berdasarkan analisis manajemen terhadap kondisi material tersebut pada akhir tahun.

Efektif 1 Januari 2009, Perusahaan dan Anak Perusahaan menerapkan PSAK No.14 (Revisi tahun 2008), "Persediaan", yang menggantikan PSAK No. 14 (1994). Penerapan PSAK No.14 (Revisi 2008) tidak berdampak material terhadap laporan keuangan konsolidasian.

i. Biaya dibayar di muka

Biaya dibayar di muka diamortisasi dengan menggunakan metode garis lurus selama periode manfaat masing-masing biaya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Inventories

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

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

The net realizable value of subsidized fuel products (BBM) is MOPS (Mid Oil Platt's Singapore) prices plus distribution costs and margin (Alpha), less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Materials such as spare parts, chemicals and others are stated at average cost, excluding obsolete, unuseable and slow-moving materials which are recorded as part of the "Non-current assets - Other assets - net" account.

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

Effective January 1, 2009, the Company and Subsidiaries adopted PSAK No.14 (Revised 2008), "Inventories", which supersedes PSAK No.14 (1994). The adoption of PSAK No.14 (Revised 2008) did not have a material effect on the consolidated financial statements.

i. Prepayments

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

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

j. Investasi jangka panjang

(i) Investasi pada saham

Metode ekuitas
Investasi pada saham perusahaan dimana Perusahaan dan Anak Perusahaan dengan kepemilikan paling sedikit sebesar 20% tetapi tidak melebihi 50%, baik langsung maupun tidak langsung dan mempunyai pengaruh signifikan, tetapi tidak dapat mengendalikan dicatat dengan metode ekuitas.

Berdasarkan metode tersebut, biaya perolehan investasi ditambahkan atau dikurangi dengan bagian Perusahaan atau Anak Perusahaan atas laba atau rugi bersih perusahaan asosiasi sejak tanggal perolehan berdasarkan persentase yang dimiliki dikurangi dividen tunai yang diterima.

Metode biaya perolehan
Investasi pada saham dengan kepemilikan kurang dari 20% dan dimaksudkan untuk investasi jangka panjang dinyatakan sebesar biaya perolehan.

(ii) Perubahan ekuitas Anak Perusahaan atau perusahaan asosiasi

Perubahan investasi pada Anak Perusahaan/perusahaan asosiasi yang berasal dari transaksi yang mengakibatkan perubahan ekuitas *investee* yang bukan berasal dari transaksi antara Perusahaan dan Anak Perusahaan dan *investee,* dicatat di bagian ekuitas sebagai "Selisih transaksi perubahan ekuitas anak perusahaan dan perusahaan asosiasi". Sesuai dengan PSAK No. 40, "Akuntansi Perubahan Ekuitas Anak Perusahaan/Perusahaan Asosiasi", selisih transaksi perubahan ekuitas diakui pada laporan laba rugi konsolidasian pada periode saat investasi tersebut dilepaskan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Long-term investments

(i) Investments in shares of stock

Equity method
Investments in shares of stock wherein the Company and Subsidiaries have ownership interests of at least 20% but not exceeding 50%, directly or indirectly, and have the ability to exercise significant influence, but which they do not control, are accounted for under the equity method.

Based on this method, the cost of investments is increased or decreased by the Company's or Subsidiaries' share of the net income or loss of the associates from the date of acquisition based on the percentage of ownership, less any cash dividends received.

Cost method
Investments in shares of stock involving ownership interests of less than 20% and which are intended for long-term investments are stated at cost.

(ii) Changes in equity of Subsidiaries or associated companies

Changes in the investments in Subsidiaries/associated companies from transactions resulting in changes in equity of the investees which do not result from transactions between the Company and Subsidiaries and the investees, are recorded in equity as "Differences arising from transactions resulting in changes in the equity of subsidiaries and associated companies". In accordance with PSAK No. 40, "Accounting for a Change in the Equity of a Subsidiary/Associated Company", changes in equity of the investees are recognized in the consolidated statements of income in the period in which the disposal of such investment occurs.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

j. Investasi jangka panjang (lanjutan)

(iii) Properti investasi - investasi jangka panjang

Properti investasi terdiri dari tanah dan bangunan yang dikuasai Perusahaan dan Anak Perusahaan untuk menghasilkan sewa atau untuk kenaikan nilai modal atau kedua-duanya, dan tidak untuk digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif atau dijual dalam kegiatan usaha normal.

Properti investasi dinyatakan sebesar biaya perolehan termasuk biaya transaksi dikurangi akumulasi penyusutan dan penurunan nilai, jika ada, kecuali tanah yang tidak disusutkan. Biaya perolehan tersebut termasuk bagian biaya penggantian dari properti investasi, jika kriteria pengakuan terpenuhi, dan tidak termasuk biaya operasi penggunaan properti tersebut.

Penyusutan bangunan dihitung dengan menggunakan metode garis lurus berkisar dari 4 sampai 40 tahun yang merupakan estimasi umur manfaat ekonomis.

Properti investasi harus dihentikan pengakuannya pada saat pelepasan atau ketika properti investasi tersebut tidak digunakan lagi secara permanen dan tidak memiliki manfaat ekonomis di masa depan yang dapat diharapkan dari pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan atau pelepasan properti investasi diakui dalam laporan laba rugi konsolidasian dalam tahun terjadinya penghentian pengakuan atau pelepasan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Long-term investments (continued)

(iii) Investment property - long-term investments

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

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

Building depreciation is computed using the straight-line method over the estimated useful lives of buildings ranging from 4 to 40 years.

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

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

j. Investasi jangka panjang (lanjutan)

(iii) Properti investasi - investasi jangka panjang (lanjutan)

Transfer ke properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan berakhirnya pemakaian oleh pemiliknya, dimulainya sewa operasi ke pihak lain atau selesainya pembangunan atau pengembangan. Transfer dari properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan dimulainya penggunaan oleh pemilik atau dimulainya pengembangan untuk dijual.

Untuk transfer dari properti investasi ke properti yang digunakan sendiri, Perusahaan menggunakan metode biaya pada tanggal perubahan penggunaan. Jika properti yang digunakan Perusahaan menjadi properti investasi, Perusahaan mencatat properti tersebut sesuai dengan kebijakan aset tetap sampai dengan saat tanggal terakhir perubahan penggunaannya.

k. Aset tetap

Pemilikan langsung

Aset tetap dicatat berdasarkan biaya perolehan dikurangi dengan akumulasi penyusutan dan penurunan nilai.

Biaya perolehan termasuk biaya penggantian sebagian aset tetap dan biaya pinjaman untuk proyek konstruksi jangka panjang jika kriteria pengakuan terpenuhi. Demikian pula, ketika *major inspection* dilakukan, biayanya diakui sebagai nilai aset tetap sebagai penggantian, jika kriteria pengakuan terpenuhi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Long-term investments (continued)

(iii) Investment property - long-term investments (continued)

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

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

k. Fixed assets

Direct ownership

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of replacing part of fixed assets and borrowing costs for long-term construction projects if the recognition criteria are satisfied. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Aset tetap (lanjutan)

k. Fixed assets (continued)

Pemilikan langsung (lanjutan)

Direct ownership (continued)

Aset tetap, kecuali tanah dan hak atas tanah, disusutkan dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat aset tetap sebagai berikut:

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

	Tahun/*Years*	
Tangki, instalasi pipa, dan peralatan lainnya	5 - 20	*Tanks, pipeline installations and other equipment*
Kilang	40	*Refineries*
Bangunan	40	*Buildings*
Kapal laut	10 - 25	*Ships*
Pesawat terbang	8 - 10	*Aircraft*
Harta Benda Modal (HBM) bergerak	5 - 10	*Moveable assets*

Pada setiap akhir tahun buku, nilai residu, umur manfaat dan metode penyusutan ditinjau ulang, dan disesuaikan secara prospektif jika sesuai dengan keadaan.

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

Nilai aset dikaji ulang atas kemungkinan penurunan pada nilai wajarnya yang disebabkan oleh peristiwa atau perubahan keadaan yang menyebabkan nilai tercatat aset mungkin tidak dapat dipulihkan. Penurunan nilai aset diakui sebagai biaya tahun berjalan.

Asset values are reviewed for any impairment and possible writedown to fair values whenever events or changes in circumstances indicate that the carrying values of the assets may not be fully recovered. Impairment of assets is recognized as a charge to current operations.

Aset dalam penyelesaian

Construction in progress

Aset dalam penyelesaian merupakan biaya-biaya yang berhubungan secara langsung dengan pembangunan dan akuisisi aset tetap dan biaya-biaya lainnya. Biaya-biaya tersebut akan dipindahkan ke aset tetap yang bersangkutan pada saat aset tersebut selesai dan siap digunakan.

Construction in progress represents costs for the construction and acquisition of fixed assets and other costs, which costs are transferred to the relevant asset account when the asset is completed and ready to use.

Biaya pinjaman yang terjadi untuk mendanai aset dalam penyelesaian dikapitalisasi selama periode konstruksi.

Borrowing costs incurred specifically to fund construction in progress are capitalized during the construction period.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

l. Sewa

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 kepada penyewa seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, diklasifikasikan sebagai sewa pembiayaan.

Sewa diklasifikasikan sebagai sewa operasi, jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset.

Dalam sewa pembiayaan, Perusahaan dan Anak Perusahaan mengakui aset dan kewajiban dalam neraca 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 kewajiban sewa.

Beban keuangan dialokasikan pada setiap periode selama masa sewa, sehingga menghasilkan tingkat suku bunga periodik yang konstan atas saldo kewajiban. Sewa kontinjen dibebankan pada periode terjadinya. Beban keuangan dicatat dalam laporan laba rugi konsolidasian. Aset sewaan (disajikan sebagai bagian aset tetap atau aset minyak dan gas, serta panas bumi) disusutkan selama jangka waktu yang lebih pendek antara umur manfaat aset sewaan dan periode masa sewa, jika tidak ada kepastian yang memadai bahwa Perusahaan dan Anak Perusahaan akan mendapatkan hak kepemilikan pada akhir masa sewa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the 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 of the risks and rewards incidental to ownership of the leased item are classified as finance leases.

Leases are classified as operating leases, if the leases do not transfer substantially all of the risks and rewards incidental to ownership of the leased item.

Under a finance lease, the Company and Subsidiaries recognize assets and liabilities in the consolidated balance sheets 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.

Finance charges are 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 the consolidated statements of income. Capitalized leased assets (presented under the account fixed assets or oil and gas, and geothermal properties) 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 Company and Subsidiaries will obtain ownership by the end of the lease term.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

l. Sewa (lanjutan)

Dalam sewa operasi, Perusahaan dan Anak Perusahaan mengakui pembayaran sewa sebagai beban dengan dasar garis lurus (*straight-line basis*) selama masa sewa.

Penyusutan aset yang diperoleh melalui sewa pembiayaan dihitung dengan menggunakan metode dan taksiran masa manfaat ekonomis yang sama dengan yang diterapkan untuk aset tetap dengan kepemilikan langsung (Catatan 2k).

Jika penjualan dan penyewaan kembali menimbulkan transaksi sewa pembiayaan, selisih dari hasil penjualan atas nilai tercatat aset tersebut ditangguhkan dan diamortisasi selama masa sewa.

m. Aset minyak dan gas serta panas bumi

Pengeluaran sehubungan dengan kegiatan eksplorasi dan pengembangan minyak dan gas dicatat dengan menggunakan metode akuntansi *successful efforts*. Pengeluaran sehubungan dengan kegiatan eksplorasi yang berhasil dikapitalisasi dan pengeluaran sehubungan dengan kegiatan eksplorasi yang tidak berhasil dibiayakan. Pengeluaran untuk konstruksi, instalasi, atau penyelesaian fasilitas infrastruktur seperti *platform,* pipa dan pengeboran sumur pengembangan, termasuk sumur pengembangan atau sumur delineasi yang tidak berhasil, dikapitalisasi sebagai aset minyak dan gas serta panas bumi dan disusutkan, dideplesikan dan diamortisasikan sejak produksi dimulai seperti dijelaskan di bawah ini.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases (continued)

Under an operating lease, the Company and Subsidiaries recognize lease payments as an expense on a straight-line basis over the lease term.

Depreciation of assets acquired under finance leases is computed using the same method and estimated economic useful lives applied to similar fixed assets acquired under direct ownership (Note 2k).

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortised over the lease term.

m. Oil and gas, and geothermal properties

Oil and gas exploration and development expenditures are accounted for using the successful efforts method of accounting. Expenditures in relation to successful exploration activities are capitalized and expenditures in relation to unsuccessful exploration activities are written-off. Expenditures for the construction, installation, or completion of infrastructure facilities such as platforms and pipelines, and the drilling of development wells, including unsuccessful development or delineation wells, are capitalized within oil and gas, and geothermal properties and are depreciated, depleted and amortized from the commencement of production, as described below.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

m. Aset minyak dan gas serta panas bumi (lanjutan)

Aset minyak dan gas serta panas bumi lainnya dinyatakan sebesar biaya perolehan, setelah dikurangi dengan akumulasi penyusutan dan penurunan nilai. Biaya tersebut termasuk biaya penggantian sebagian aset tetap dan biaya pinjaman untuk proyek konstruksi jangka panjang jika kriteria pengakuan terpenuhi. Demikian pula, ketika *major inspection* dilakukan, biayanya diakui sebagai nilai aset tetap sebagai penggantian, jika kriteria pengakuan terpenuhi.

Aset minyak dan gas, termasuk saluran pipa yang terdapat dalam suatu area, disusutkan menggunakan metode unit produksi. Biaya produksi sumur dan fasilitas-fasilitasnya dideplesikan sesuai dengan *proved developed reserves*.

Aset minyak dan gas serta panas bumi lainnya disusutkan berdasarkan metode garis lurus berdasarkan taksiran masa manfaat ekonomis sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Oil and gas, and geothermal properties (continued)

Other oil and gas, and geothermal properties are stated at cost, net of accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of fixed assets and borrowing costs for long-term construction projects if the recognition criteria are satisfied. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement cost if the recognition criteria are satisfied.

Oil and gas properties, including pipelines within fields, are depreciated using the unit-of-production method. The cost of producing wells and facilities is depleted on the basis of proved developed reserves.

Other oil and gas, and geothermal properties are depreciated using the straight- line method over their estimated useful lives as follows:

	Tahun/*Years*	
Sumur panas bumi	10	*Geothermal wells*
Pabrik LPG	10 - 20	*LPG plants*
Instalasi	3 - 40	*Installations*
Bangunan	5 - 40	*Buildings*
HBM bergerak	2 - 40	*Moveable assets*

Tanah dinyatakan berdasarkan biaya perolehan dan tidak disusutkan.

Biaya perbaikan dan pemeliharaan diakui sebagai beban pada saat terjadinya, sedangkan pengeluaran yang memperpanjang masa manfaat aset atau memberikan manfaat ekonomis setidaknya 50%, misalnya dalam bentuk peningkatan kapasitas atau perbaikan mutu keluaran atau standar kinerja, dikapitalisasi.

Aset dalam penyelesaian merupakan biaya-biaya yang berhubungan dengan pembangunan atau pembelian aset minyak dan gas serta panas bumi dan biaya-biaya lainnya, dimana biaya-biaya tersebut akan ditransfer ke aset yang bersangkutan pada saat aset tetap dimaksud selesai dan siap untuk digunakan. Biaya pinjaman yang terjadi untuk mendanai aset dalam penyelesaian dikapitalisasi selama periode konstruksi.

Land is stated at cost and is not amortized.

The cost of repairs and maintenance is expensed as incurred; expenditures which extend the useful life of an asset or result in increased future economic benefits of at least 50%, such as an increase in capacity or improvement in the quality of output or standard of performance, are capitalized.

Construction in progress represents costs for the construction or acquisition of oil and gas, and geothermal properties and other costs, which costs are transferred to the relevant asset account when the asset is completed and ready to use. Borrowing costs incurred specifically to fund construction in progress are capitalized during the construction period.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

m. Aset minyak dan gas serta panas bumi (lanjutan)

Biaya pengeboran sumur eksplorasi minyak dan gas, termasuk biaya pengeboran sumur tes stratigrafi tahap eksplorasi, dikapitalisasi dan dicatat sebagai bagian dari aset sumur, peralatan dan fasilitas dalam pengerjaan. Jika ditemukan cadangan terbukti pada sumur, maka biaya-biaya pengeboran sumur yang dikapitalisasi dicatat sebagai aset sumur dan peralatan, dan fasilitas terkait. Namun demikian, apabila usaha yang telah dilakukan tidak berhasil, maka biaya tersebut dicatat sebagai beban.

Biaya pengeboran sumur pengembangan minyak dan gas dan pengembangan sumur tes stratigrafi, *platform*, peralatan sumur dan fasilitas produksi terkait, dikapitalisasi dan dicatat sebagai aset sumur, peralatan dan fasilitas dalam pengerjaan. Biaya tersebut dipindahkan ke aset sumur minyak dan gas, peralatan dan fasilitas terkait pada saat pengeboran dan konstruksi selesai.

Biaya untuk memperoleh hak eksplorasi dan produksi minyak dan gas dicatat sebagai *unoperated acreage*, yang merupakan aset dimana cadangan terbukti belum ditemukan, atau *operated acreage* jika cadangan terbukti telah ditemukan. *Unoperated acreage* dinilai secara periodik untuk penurunan nilai, dan kerugian diakui pada saat penurunan nilai terjadi.

<u>Hak Kepemilikan pada Kerjasama Operasi</u>

Kerjasama operasi merupakan kesepakatan kontraktual antara dua pihak atau lebih untuk bekerja sama melakukan aktivitas ekonomi dengan melakukan pengendalian bersama operasi (PBO). Pengendalian bersama terjadi ketika terdapat keputusan keuangan dan operasional dibuat oleh pihak-pihak yang bekerja sama.

Dalam kerjasama operasi, hak untuk menggunakan dan kepemilikan aset PBO diatur dalam perjanjian kerjasama antara pihak-pihak yang terlibat. Pendapatan, beban, aset dan kewajiban dari kerjasama operasi, disajikan dalam laporan keuangan sebesar porsi kepemilikan pada kerjasama operasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Oil and gas, and geothermal properties (continued)

The costs of drilling oil and gas exploratory wells, including the costs of drilling exploratory-type stratigraphic test wells are capitalized and recorded as part of wells, equipment and facilities in progress. If the well locates proved reserves, the capitalized costs of drilling the well are included in wells and related equipment and facilities. However, in the event the efforts are determined to be unsuccessful, such costs are then charged to expense.

The costs of drilling oil and gas development wells and development stratigraphic test wells, platforms, well equipment and related production facilities are capitalized and recorded as part of wells, equipment and facilities in progress. These costs are transferred to oil and gas wells, equipment and related facilities at the time drilling and construction are completed.

Costs to acquire rights to explore for and produce oil and gas are recorded as unoperated acreage for properties wherein proved reserves have not yet been discovered, or operated acreage if proved reserves have been discovered. Unoperated acreage is periodically assessed for impairment in value, and a loss is recognized at the time of impairment.

<u>Ownership in Jointly Controlled Operations</u>

Jointly controlled operations are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint operation control. Joint control exists when there are joint financial and operational decisions made by the involved parties.

Under jointly controlled operations, the rights to use and ownership of the jointly controlled assets are under co-operative arrangements between the involved parties. Revenues, expenses, assets and liabilites involving jointly controlled operations are presented in the financial statements in accordance with the portions of ownership interests in the jointly controlled operations.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

n. Kewajiban biaya restorasi dan reklamasi lingkungan hidup

Kewajiban terkait dengan kewajiban hukum atas penghentian aset berwujud jangka panjang diakui pada periode dimana kewajiban tersebut terjadi (biasanya saat aset mulai beroperasi) jika estimasi nilai wajar dari kewajiban tersebut dapat dilakukan. Kewajiban ini (kewajiban biaya restorasi dan reklamasi lingkungan hidup - ARO) dapat meliputi penghentian dan pembongkaran atas *platform* minyak dan gas, penutupan dan penanganan pasca operasi sumur minyak dan gas serta fasilitas produksi, dan pemulihan area pada saat ditinggalkan.

Kewajiban ARO pada awalnya dicatat sebesar nilai kini dari estimasi biaya tersebut di masa yang akan datang dan nilai tercatat dari aset yang bersangkutan akan bertambah dengan jumlah yang sama. Dengan berjalannya waktu, nilai kini dari kewajiban awal tersebut akan bertambah dan dibebankan pada periode berjalan dan biaya yang dikapitalisasi pada aset disusutkan atau dideplesikan sepanjang masa manfaat dari aset yang bersangkutan.

Pengakuan jumlah kewajiban ARO tersebut dibuat berdasarkan estimasi biaya masa depan dan telah memasukkan beberapa asumsi-asumsi, antara lain estimasi tingkat keekonomisan dari sumur minyak dan gas, saat pembongkaran, tingkat inflasi di masa yang akan datang dan tingkat suku bunga bebas risiko yang telah disesuaikan dengan tingkat biaya pinjaman Perusahaan dan Anak Perusahaan.

Perubahan estimasi ARO tersebut akan mempengaruhi nilai kini kewajiban ARO dan koreksi terkait akan dibuat pada saldo biaya penghentian aset yang dikapitalisasi.

Dana restorasi dan reklamasi lingkungan hidup yang disetorkan ke dalam rekening bersama antara BPMIGAS dan PT Pertamina EP dicatat sebagai *offset* atas kewajiban biaya restorasi dan reklamasi lingkungan hidup dikarenakan dana tersebut hanya dapat digunakan untuk tujuan tersebut di atas dengan persetujuan dari BPMIGAS atau ditransfer ke BPMIGAS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Provision for environmental restoration and reclamation costs

Liabilities related to the legal obligations associated with the retirement of tangible long-lived assets are recognized in the periods in which the obligations are incurred (typically when the assets are placed in service) if a reasonable estimate of fair value can be made. These obligations (Asset Retirement Obligations - ARO) may include the required decommissioning and removal of oil and gas platforms, plugging and abandonment of oil and gas wells and facilities and the restoration of sites at the time of abandonment.

ARO liabilities are initially recorded at the present value of future estimated liabilities and the carrying values of the related assets are increased by the corresponding amounts. Over time, changes in the present value of the liabilities are accreted and expensed in the current period and the capitalized asset costs are depreciated or depleted over the useful lives of the corresponding assets.

Recognized ARO liability amounts are based upon future cost estimates and incorporate many assumptions such as expected economic recoveries of crude oil and gas wells, time to abandonment, future inflation rates and risk free rates of interest adjusted for the Company's and Subsidiaries' borrowing costs.

Future revisions to ARO estimates impact the present value of existing ARO liabilities and corresponding adjustments are made to the capitalized asset retirement costs balance.

The deposit for environmental restoration and reclamation expenditures maintained in a joint bank account between BPMIGAS and PT Pertamina EP is recorded as an offset to the provision for environmental restoration and reclamation costs, since such funds may only be used for such purpose with the approval of BPMIGAS or transferred to BPMIGAS.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

o. Aset konsesi

Perusahaan mengadakan kerjasama dengan pihak ketiga (investor) untuk pembangunan Stasiun Pengisian Bahan Bakar Umum (SPBU), Stasiun Pengisian dan Pengangkutan Bulk Elpiji (SPPBE), *landing craft transports* (LCT), dan mobil tangki LPG. Perjanjian tersebut mensyaratkan Perusahaan untuk memberikan hak kepada investor untuk membangun dan mengoperasikan SPBU dengan jangka waktu rata-rata 18 tahun dan SPPBE, LCT, serta mobil tangki LPG dengan jangka waktu rata-rata 10 tahun. Perjanjian tersebut juga mensyaratkan investor untuk menjual produk Perusahaan secara eksklusif dengan kompensasi yang telah ditentukan di muka. Perusahaan mencatat aset yang dibangun oleh investor sebagai aset tetap Perusahaan sebesar nilai wajar dengan mengkreditkan pendapatan tangguhan.

Aset konsesi ini disusutkan dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat dari aset-aset di bawah ini atau sepanjang perjanjian kerjasama, mana yang lebih pendek:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Concession assets

The Company entered into partnership arrangements with third parties (investors) for the construction of Public Fuel Filling Stations (SPBUs), LPG Filling and Transport Stations (SPPBEs), landing craft transports (LCTs) and LPG truck tankers. The agreements require the Company to grant rights to investors to build and operate SPBUs for an average term of 18 years, and SPPBEs, LCTs and LPG truck tankers for an average term of 10 years. The agreements also require the investors to sell the Company's products exclusively with compensation that has been determined in advance. The Company recorded the assets constructed by the investors as the Company's fixed assets at fair values with a corresponding credit to deferred revenue.

Concession assets are depreciated using the straight-line method over their estimated useful lives as follows or partnership agreement periods, whichever is shorter:

	Tahun/*Years*	
Tangki, instalasi pipa, dan peralatan lainnya	5 - 20	*Tanks, pipeline installations and other equipment*
Bangunan	20	*Buildings*
HBM bergerak	5 - 10	*Moveable assets*

Hak atas tanah diamortisasi sepanjang periode perjanjian kerja sama yang bersangkutan.

Pendapatan tangguhan diamortisasi selama masa kontrak kerjasama yang bersangkutan.

Landrights are amortised over the respective partnership agreement periods.

Deferred revenue is amortized over the respective partnership agreement periods.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

p. Pengakuan pendapatan dan beban

Pendapatan

Pendapatan dari penjualan dan jasa masing-masing diakui pada saat risiko dan manfaat kepemilikan barang secara signifikan telah berpindah kepada pembeli dan pada saat jasa diberikan.

Pendapatan dan biaya dari pendapatan sehubungan dengan jual beli gas bumi antara Perusahaan, kontraktor minyak dan gas, dan pembeli dicatat berdasarkan *Gas Sales and Supply Agreements* (GSA). Perusahaan menandatangani GSA berdasarkan peraturan Pemerintah yang mengharuskan penjualan gas bumi dari kontraktor ke pembeli harus dilakukan melalui Perusahaan pada nilai yang sama dengan harga beli gas bumi ("transaksi *pass-through*").

Biaya dan pendapatan sehubungan dengan penjualan listrik antara PGE, kontraktor panas bumi, dan PT Perusahaan Listrik Negara (Persero) (PLN) (Perusahaan Listrik Milik Negara) dicatat berdasarkan *Energy Sales Contracts* (ESC) dalam Kontrak Operasi Bersama (KOB). KOB tersebut mengharuskan penjualan listrik dari kontraktor KOB ke PLN dilakukan melalui PGE pada nilai yang sama dengan biaya pembelian listrik dari kontraktor KOB ("transaksi *pass-through*").

Beban

Beban diakui pada saat terjadi berdasarkan konsep akrual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue and expense recognition

Revenue

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

Revenue and cost of revenue involving sales and purchases of natural gas between the Company, oil and gas contractors, and buyers are recorded based on Gas Sales and Supply Agreements (GSAs). The Company signs GSAs based on a Government regulation which stipulates that the sale of natural gas from contractors to the buyers should be made through the Company at the same amount of the purchase costs of the natural gas ("pass-through transactions").

The cost and revenue involving sales of electricity between PGE, geothermal contractors and PT Perusahaan Listrik Negara (Persero) (PLN) (the State-Owned Electricity Company) are recorded based on Energy Sales Contracts (ESCs) under Joint Operating Contracts (JOCs). The contracts stipulate that the sale of electricity from the JOC contractors to PLN is to be made through PGE at the same amount of the purchase costs of the electricity from the JOCs ("pass-through transactions").

Expenses

Expenses are recognized when incurred on an accrual basis.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

q. Program pensiun dan imbalan kerja

Biaya imbalan kerja ditentukan dengan menggunakan metode penilaian aktuarial *projected unit credit*. Keuntungan dan kerugian aktuarial dari program imbalan pasca-kerja diakui sebagai penghasilan atau beban pada saat akumulasi keuntungan dan kerugian aktuarial bersih yang belum diakui untuk masing-masing program imbalan pasti pada akhir periode pelaporan sebelumnya melebihi jumlah yang lebih besar diantara 10% dari nilai kini kewajiban imbalan pasti atau 10% dari nilai wajar aset dana pensiun, pada tanggal tersebut. Keuntungan atau kerugian tersebut diakui berdasarkan metode garis lurus selama sisa masa kerja rata-rata yang diharapkan dari karyawan.

Biaya jasa lalu yang terjadi dari pengenalan suatu program imbalan pasti atau perubahan imbalan terhutang pada program imbalan pasti yang ada diamortisasi dengan metode garis lurus selama periode rata-rata sampai imbalan tersebut menjadi hak atau *vested*. Apabila imbalan tersebut *vested* segera setelah program imbalan pasti diperkenalkan atau diubah, biaya jasa lalu diakui pada saat itu juga.

Keuntungan dan kerugian aktuarial dan biaya jasa lalu yang timbul dari program imbalan kerja jangka panjang lainnya langsung dibebankan pada laporan laba rugi konsolidasian periode berjalan.

Aset atau kewajiban imbalan pasti terdiri dari nilai kini kewajiban imbalan pasti (menggunakan tingkat diskonto yang mengacu pada obligasi berkualitas tinggi atau obligasi Pemerintah pada pasar yang aktif), dikurangi biaya jasa lalu yang belum diakui dan dikurangi nilai wajar aset program yang akan digunakan untuk penyelesaian kewajiban. Aset program adalah aset yang dimiliki oleh dana imbalan kerja jangka panjang atau polis asuransi yang memenuhi syarat. Aset program tersebut tidak boleh dipakai untuk menyelesaikan kewajiban kepada kreditur Perusahaan dan Anak Perusahaan dan tidak dapat dibayarkan kepada Perusahaan dan Anak Perusahaan. Nilai wajar ditentukan berdasarkan informasi harga pasar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Pension plan and employee benefits

The cost of providing employee benefits is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses involving post-employment benefits plans are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded the greater of 10% of the present value of the defined benefits obligation or 10% of the fair value of plan assets at that date. These gains or losses are recognized on a straight-line basis over the expected average remaining working lives of the employees.

Past-service costs arising from the introduction of a defined benefits plan or changes in the benefits payable of an existing defined benefits plan are amortized on a straight-line basis over the average period until the benefits concerned become vested. To the extent that the benefits are vested immediately following the introduction of, or changes to a defined benefit plan, the past service costs are recognized immediately.

Actuarial gains and losses and past-service costs arising in relation to other long-term employee benefits are recognized immediately in the current period's consolidated statement of income.

The defined benefits asset or liability comprises the present value of the defined benefits obligation (using a discount rate based on high quality corporate bonds or Government bonds traded on an active market), less past service costs not yet recognized and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefits fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company and Subsidiaries, nor can they be paid to the Company and Subsidiaries. Fair value is determined based on market price information.

(Expressed in millions of Rupiah,
unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

r. Transaksi dan saldo dalam mata uang asing

Perusahaan dan Anak Perusahaan menyelenggarakan pembukuan dalam mata uang Rupiah, kecuali untuk PETRAL, Pertamina E&P Libya Ltd., Anak Perusahaan PHE, Tugu Insurance Company Limited dan Kantor Perwakilan Tokyo.

Transaksi-transaksi dalam mata uang selain Rupiah dicatat dengan kurs tukar yang berlaku pada saat terjadinya transaksi. Pada tanggal neraca, seluruh aset dan kewajiban moneter dalam mata uang asing telah dijabarkan ke Rupiah dengan menggunakan kurs tengah Bank Indonesia (Bank Sentral Indonesia) pada tanggal tersebut.

Pembukuan PETRAL, Anak Perusahaan PHE dan Tugu Insurance Company Limited diselenggarakan dalam Dolar Amerika Serikat, pembukuan Pertamina E&P Libya Ltd. diselenggarakan dalam mata uang Dinar Libya dan pembukuan Kantor Perwakilan Tokyo diselenggarakan dalam mata uang Yen. Untuk tujuan konsolidasi dan metode akuntansi ekuitas, aset dan kewajiban entitas tersebut dijabarkan ke dalam mata uang Rupiah masing-masing dengan menggunakan kurs yang berlaku pada tanggal neraca, sedangkan pendapatan dan beban dijabarkan dengan menggunakan kurs rata-rata selama periode. Selisih kurs yang timbul dari penjabaran laporan keuangan entitas tersebut disajikan sebagai ”Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing” pada bagian ekuitas dari neraca konsolidasian.

Nilai tukar yang digunakan pada tanggal 31 Desember 2009 dan 2008 masing-masing adalah sebagai berikut (nilai penuh):

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Foreign currency transactions and balances

The Company and Subsidiaries maintain their accounting records in Rupiah, except for PETRAL, Pertamina E&P Libya Ltd., PHE’s Subsidiaries, Tugu Insurance Company Limited and the Tokyo Representative Office.

Transactions in currencies other than the Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions. As of the balance sheet dates, all foreign currency monetary assets and liabilities have been translated into Rupiah at the middle exchange rates quoted by Bank Indonesia (Indonesian Central Bank) on those dates.

PETRAL, PHE’s Subsidiaries and Tugu Insurance Company Limited maintain their accounting records in US Dollars, Pertamina E&P Libya Ltd. maintains its accounting records in Libyan Dinar and the Tokyo Representative Office maintains its accounting records in Yen. For consolidation and equity accounting purposes, assets and liabilities of these entities are translated into Rupiah using the prevailing exchange rates at the balance sheet dates, while revenue and expenses are translated at the average rates during the period. Differences arising from the translation of these entities’ financial statements are presented as "Differences arising from translation of foreign currency financial statements" in the equity section of the consolidated balance sheet.

The exchange rates used as of December 31, 2009 and 2008 were as follows (full amount):

	2009	2008	
Dolar Amerika Serikat/Rupiah	9.400	10.950	*US Dollar/Rupiah*
Dinar Libya/Rupiah	7.598	8.771	*Libyan Dinar/Rupiah*
Dolar Singapura/Rupiah	6.698	7.607	*Singapore Dollar/Rupiah*
Yen/Rupiah	102	121	*Yen/Rupiah*

Laba atau rugi bersih selisih kurs dibebankan pada laporan laba rugi konsolidasian periode berjalan, kecuali untuk selisih kurs yang timbul dari pinjaman yang memenuhi syarat untuk dikapitalisasi sebagai bagian dari aset dalam penyelesaian.

The resulting net foreign exchange gains or losses are recognized in the current period’s consolidated statement of income, except for the foreign exchange differences arising in relation to borrowings which qualify for capitalization as part of assets under construction.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

s. Pajak penghasilan

Metode hutang diterapkan untuk menentukan beban pajak penghasilan. Berdasarkan metode ini, beban pajak kini dihitung berdasarkan taksiran laba kena pajak tahun berjalan. Aset dan kewajiban pajak tangguhan diakui untuk semua perbedaan temporer yang timbul antara jumlah aset dan kewajiban komersial dengan perhitungan pajak pada setiap tanggal pelaporan.

Aset dan kewajiban pajak tangguhan yang berasal dari kegiatan diluar kegiatan Kontrak Kerjasama (KKS) dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal neraca. Untuk aset dan kewajiban pajak tangguhan terkait kegiatan KKS dihitung dengan menggunakan tarif pajak yang berlaku pada tanggal efektifnya KKS atau tanggal perpanjangan atau tanggal perubahan KKS. Perubahan nilai tercatat aset dan kewajiban pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Aset pajak tangguhan yang berhubungan dengan saldo rugi fiskal yang belum digunakan dan biaya KKS yang belum memperoleh penggantian *(unrecovered costs)* diakui apabila besar kemungkinan jumlah laba fiskal pada masa mendatang akan memadai untuk dikompensasi dengan saldo rugi fiskal yang belum digunakan dan biaya KKS yang belum memperoleh penggantian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Income tax

The liability method is applied to determine income tax expense. Under this method, current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between commercial assets and liabilities and the tax bases at each reporting date.

Deferred tax assets and liabilities involving activities other than Production Sharing Contract (PSC) activities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities involving PSC activities are measured at the tax rates in effect at the effective dates of the PSCs or extensions or amendments of such PSCs. Changes in deferred tax assets and liabilities as a result of amendments of tax rates are recognized in the current year, except for transactions previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses and unrecovered PSC costs are recognized to the extent that it is probable that in the future, taxable income will be available against which the unused tax losses and unrecovered PSC costs can be utilized.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

s. Pajak penghasilan (lanjutan)

Koreksi terhadap kewajiban perpajakan dicatat pada saat surat ketetapan pajak diterima, atau dalam hal Perusahaan dan Anak Perusahaan mengajukan banding, ketika: (1) pada saat hasil dari banding tersebut ditetapkan, kecuali bila terdapat ketidakpastian yang signifikan atas hasil banding tersebut, maka koreksi berdasarkan surat ketetapan pajak terhadap kewajiban perpajakan tersebut dicatat pada saat pengajuan banding dibuat, atau (2) pada saat dimana berdasarkan pengetahuan dari perkembangan atas kasus lain yang serupa dengan kasus yang sedang dalam proses banding, berdasarkan ketentuan Pengadilan Pajak atau Mahkamah Agung, dimana hasil yang diharapkan dari proses banding secara signifikan tidak pasti, maka pada saat itu perubahan kewajiban perpajakan diakui berdasarkan jumlah ketetapan pajak yang diajukan banding.

t. Informasi segmen

Informasi segmen usaha disusun dengan menggunakan kebijakan akuntansi yang diterapkan dalam penyusunan dan penyajian laporan keuangan konsolidasian. Dasar utama dari pelaporan informasi segmen berdasarkan segmen usaha, sedangkan informasi segmen sekunder berdasarkan segmen geografis.

Segmen usaha adalah suatu komponen perusahaan yang dapat dibedakan yang terlibat dalam aktivitas menghasilkan produk atau jasa secara individual atau sekelompok produk atau jasa yang terkait dan mempunyai risiko serta imbalan yang berbeda dari risiko dan imbalan segmen usaha yang lain.

Segmen geografis adalah suatu komponen perusahaan yang dapat dibedakan yang terlibat dalam aktivitas menghasilkan produk atau jasa dalam lingkungan ekonomi tertentu dan memiliki risiko serta imbalan yang berbeda dari komponen yang beroperasi di lingkungan ekonomi yang lain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Income tax (continued)

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

t. Segment information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary basis of reporting segment information is based on business segments, while secondary segment information is based on geographical segments.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

u. Kapitalisasi biaya pinjaman

Beban bunga, selisih kurs dan biaya pinjaman lain atas pinjaman yang digunakan untuk mendanai proyek konstruksi dalam penyelesaian atau instalasi, dikapitalisasi sebagai bagian dari aset dalam penyelesaian sesuai dengan kriteria pada PSAK No. 26 (Revisi 2008), "Biaya Pinjaman". Kapitalisasi biaya pinjaman ini dihentikan pada saat proyek konstruksi selesai dan aset siap untuk dipakai atau pada saat proyek konstruksi dihentikan untuk jangka waktu yang panjang.

v. Penurunan nilai aset

Evaluasi terhadap aset jangka panjang dilakukan pada setiap tanggal neraca untuk penurunan nilai ketika terjadi peristiwa atau perubahan kondisi yang mengindikasikan bahwa nilai tercatat aset tersebut tidak dapat terpulihkan. Jika terdapat kondisi seperti di atas, nilai terpulihkan dari aset diperkirakan. Nilai terpulihkan dari aset ditentukan berdasarkan nilai yang lebih besar antara nilai jual aset bersih dan nilai pakai.

Kerugian terhadap penurunan nilai diakui ketika nilai tercatat dari aset atau unit penghasil kas terkecil melebihi nilai yang terpulihkan. Kerugian penurunan nilai diakui pada laporan laba rugi konsolidasian periode berjalan.

Nilai tercatat aset dimana kerugian penurunan nilai telah diakui akan dipulihkan dan kerugian penurunan nilai dibalik jika terdapat perubahan estimasi yang digunakan untuk menentukan nilai aset yang terpulihkan sejak terakhir kerugian penurunan nilai diakui. Kerugian penurunan nilai dibalik sepanjang nilai tercatat dari aset tidak melebihi nilai tercatat yang seharusnya, setelah dikurangi penyusutan, deplesi atau amortisasi, jika tidak terdapat kerugian penurunan nilai yang diakui.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Capitalized borrowing costs

Interest expense, foreign exchange differences and other borrowing costs involving debt used to finance construction in progress or installations, are capitalized as part of the assets under construction in accordance with the requirements of PSAK No. 26 (Revised 2008), "Borrowing Costs". Capitalization of borrowing costs ceases upon the completion of construction and the asset is ready for use or when the construction has been suspended for a long period of time.

v. Impairment of assets

Long-lived assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the greater of an asset's net selling price and value in use.

An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the current period's consolidated statement of income.

The carrying amount of an asset for which an impairment loss has been recognized is increased to its recoverable amount and an impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, depletion or amortization, if no impairment loss had been recognized.

2. IKHTISAR KEBIJAKAN AKUNTANSI PENTING (lanjutan)

w. Penggunaan estimasi

Penyusunan laporan keuangan konsolidasian sesuai prinsip akuntansi yang berlaku umum di Indonesia mengharuskan manajemen untuk membuat estimasi dan asumsi yang mempengaruhi jumlah aset dan kewajiban dan pengungkapan aset dan kewajiban kontinjensi pada tanggal neraca serta jumlah pendapatan dan beban selama periode pelaporan. Karena adanya ketidakpastian yang melekat dalam penetapan estimasi, maka jumlah sesungguhnya yang akan dilaporkan di masa mendatang mungkin berbeda dari jumlah yang diestimasi.

Nilai tercatat untuk deplesi, penyusutan dan amortisasi beserta pemulihan nilai tercatat aset minyak dan gas dan aset tetap, termasuk produksi minyak dan gas tergantung pada estimasi cadangan minyak dan gas. Faktor utama yang mempengaruhi estimasi tersebut adalah penilaian teknis atas kuantitas produksi cadangan minyak dan gas yang ada dan kendala ekonomis misalnya ketersediaan pasar komersial atas produksi gas bumi maupun asumsi yang terkait dengan antisipasi harga komoditas dan biaya pengembangan dan produksi cadangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in Indonesia requires management to make estimations and assumptions that affect amounts of assets and liabilities and disclosures of the contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses reported during the period. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts that differ from those estimates.

The amounts recorded for depletion, depreciation and amortization as well as the recovery of the carrying value of oil and gas properties and fixed assets involving production of oil and gas depend on estimates of oil and gas reserves. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for natural gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.

(Expressed in millions of Rupiah, unless otherwise stated)

3. KAS DAN SETARA KAS

3. CASH AND CASH EQUIVALENTS

	2009	2008	
Kas	24.460	27.644	*Cash on hand*
Bank	6.467.959	2.538.544	*Cash in banks*
Deposito berjangka	8.247.032	13.099.149	*Time deposits*
Jumlah	**14.739.451**	**15.665.337**	***Total***

Rincian kas dan setara kas berdasarkan mata uang dan masing-masing bank adalah sebagai berikut:

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

	2009	2008	
Kas:			***Cash on hand:***
Dolar Amerika Serikat	2.554	20.533	*US Dollars*
Rupiah	21.206	6.169	*Rupiah*
Lain-lain	700	942	*Others*
Jumlah kas	**24.460**	**27.644**	***Total cash on hand***
Bank - rekening Dolar Amerika Serikat:			***Cash in banks - US Dollar accounts:***
PT Bank Rakyat Indonesia (Persero) Tbk	3.851.815	10.292	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	1.125.548	660.500	*PT Bank Mandiri (Persero) Tbk*
Citibank, N.A.	353.755	344.070	*Citibank, N.A.*
PT Bank Negara Indonesia (Persero) Tbk	105.889	107.912	*PT Bank Negara Indonesia (Persero) Tbk*
Standard Chartered Bank	45.133	11.986	*Standard Chartered Bank*
Sumitomo Mitsui Banking Corporation	24.301	261.686	*Sumitomo Mitsui Banking Corporation*
PT Bank CIMB Niaga Tbk	4.918	2.950	*PT Bank CIMB Niaga Tbk*
Banque Nationale de Paris Paribas	2.288	208	*Banque Nationale de Paris Paribas*
Bank Indonesia	82	96	*Bank Indonesia*
PT Bank Bukopin Tbk	-	257	*PT Bank Bukopin Tbk*
Lain-lain	42.532	24.814	*Others*
Sub jumlah	5.556.261	1.424.771	*Sub total*
Bank - rekening Rupiah:			***Cash in banks - Rupiah accounts:***
PT Bank Mandiri (Persero) Tbk	443.271	600.634	*PT Bank Mandiri (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	196.507	213.386	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	99.214	95.110	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Central Asia Tbk	56.481	-	*PT Bank Central Asia Tbk*
Lain-lain	83.572	164.350	*Others*
Sub jumlah	879.045	1.073.480	*Sub total*
Bank - rekening Dolar Hong Kong:			***Cash in bank - Hong Kong Dollar account:***
Dah Sing Bank	231	15.291	*Dah Sing Bank*
Bank - rekening Dolar Singapura:			***Cash in banks - Singapore Dollar accounts:***
Standard Chartered Bank	4.464	-	*Standard Chartered Bank*
PT Bank Mandiri (Persero) Tbk	49	3.447	*PT Bank Mandiri (Persero) Tbk*
Lain-lain	2.510	-	*Others*
Sub jumlah	7.023	3.447	*Sub total*
Bank - rekening Yen:			***Cash in banks - Yen accounts:***
PT Bank Negara Indonesia (Persero) Tbk	1.121	448	*PT Bank Negara Indonesia (Persero) Tbk*
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	964	653	*The Bank of Tokyo-Mitsubishi UFJ, Ltd.*
Citibank, N.A.	118	-	*Citibank, N.A.*
Sub jumlah	2.203	1.101	*Sub total*

(Expressed in millions of Rupiah, unless otherwise stated)

3. KAS DAN SETARA KAS (lanjutan)

3. CASH AND CASH EQUIVALENTS (continued)

	2009	2008	
Bank - rekening Euro:			***Cash in banks - Euro accounts:***
PT Bank Mandiri (Persero) Tbk	16.306	-	*PT Bank Mandiri (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	20	23	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	20	-	*PT Bank Negara Indonesia (Persero) Tbk*
Sub jumlah	16.346	23	*Sub total*
Bank - rekening mata uang asing lainnya	6.850	20.431	***Cash in banks - other currency accounts***
Jumlah bank	**6.467.959**	**2.538.544**	***Total cash in banks***
Deposito berjangka dengan jatuh tempo 3 (tiga) bulan atau kurang:			*Time deposits with original maturities of 3 (three) months or less:*
Perusahaan:			*The Company:*
Deposito berjangka - rekening Rupiah:			*Time deposits - Rupiah accounts:*
PT Bank Mandiri (Persero) Tbk	500.311	1.332.699	*PT Bank Mandiri (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	344.470	2.342.007	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	291.880	2.974.035	*PT Bank Rakyat Indonesia (Persero) Tbk*
Deposito berjangka - rekening Dolar Amerika Serikat:			*Time deposits - US Dollar accounts:*
PT Bank Negara Indonesia (Persero) Tbk	5.005.350	3.919.542	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	599.588	633.238	*PT Bank Mandiri (Persero) Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	52.941	374.391	*PT Bank Rakyat Indonesia (Persero) Tbk*
ABN AMRO Bank N.V.	-	121.447	*ABN AMRO Bank N.V.*
Deposito berjangka - mata uang asing lainnya	19.035	756	*Time deposits - other currency accounts*
Anak Perusahaan:			*Subsidiaries:*
Deposito berjangka - rekening Rupiah:			*Time deposits - Rupiah accounts:*
PT Bank Rakyat Indonesia (Persero) Tbk	511.675	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	135.111	174.586	*PT Bank Mandiri (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	107.944	227.436	*PT Bank Negara Indonesia (Persero) Tbk*
Lain-lain	393.442	315.591	*Others*
Deposito berjangka - rekening Dolar Amerika Serikat:			*Time deposits - US Dollar accounts:*
PT Bank Negara Indonesia (Persero) Tbk	257.593	107.515	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	4.789	534.783	*PT Bank Mandiri (Persero) Tbk*
Lain-lain	8.071	41.123	*Others*
Deposito berjangka - mata uang asing lainnya	14.832	-	*Time deposits - other currency accounts*
Jumlah deposito berjangka	**8.247.032**	**13.099.149**	***Total time deposits***
Jumlah kas dan setara kas	**14.739.451**	**15.665.337**	***Total cash and cash equivalents***

Tingkat bunga per tahun deposito berjangka selama tahun 2009 dan 2008 adalah sebagai berikut:

Annual interest rates on time deposits during 2009 and 2008 were as follows:

	2009	2008	
Rupiah	6% - 12%	3,3% - 14,5%	*Rupiah*
Dolar Amerika Serikat	1% - 4,6%	1,5% - 5,3%	*US Dollar*

(Expressed in millions of Rupiah, unless otherwise stated)

4. DANA YANG DIBATASI PENGGUNAANNYA - BERSIH

4. RESTRICTED FUNDS - NET

	2009		2008		
	USD (nilai penuh)/ *US$ (full amount)*	Setara Rp/ *Rp Equivalent*	USD (nilai penuh)/ *US$ (full amount)*	Setara Rp/ *Rp Equivalent*	
Rekening *escrow*:					*Escrow accounts:*
Rekening Dolar Amerika Serikat:					*US Dollar accounts:*
PT Bank Rakyat Indonesia (Persero) Tbk					*PT Bank Rakyat Indonesia (Persero) Tbk*
Proyek Pagardewa	57.428.168	539.825	167.181.680	1.830.639	*Pagardewa Project*
Bank garansi	-	-	589.090	6.451	*Bank guarantee*
The Hongkong and Shanghai Banking Corporation Ltd.					*The Hongkong and Shanghai Banking Corporation Ltd.*
Proyek Pagardewa	55.868.590	525.165	60.493.048	662.399	*Pagardewa Project*
Proyek RCC Off-Gas Propylene Project (ROPP)	46.857.774	440.463	-	-	*RCC Off-Gas Propylene Project (ROPP)*
Proyek Offshore North West Java (ONWJ)	-	-	5.385.601	58.972	*Offshore North West Java Project (ONWJ)*
Lain-lain	20.852	196	-	-	*Other*
Banque Nationale de Paris Paribas	52.887.405	497.141	15.196.077	166.397	*Banque Nationale de Paris Paribas*
Calyon Crédit Agricole CIB	51.869.440	487.573	38.952.350	426.528	*Calyon Crédit Agricole CIB*
Sumitomo Mitsui Banking Corporation	27.380.850	257.380	13.262.145	145.221	*Sumitomo Mitsui Banking Corporation*
Natixis Bank, Singapura	6.285.000	59.079	12.770.902	139.841	*Natixis Bank, Singapore*
PT Bank Mandiri (Persero) Tbk					*PT Bank Mandiri (Persero)Tbk*
Bank garansi	2.020.000	18.988	-	-	*Bank guarantees*
Lain-lain	1.663.569	15.638	287.355	3.147	*Other*
PT Bank Negara Indonesia (Persero) Tbk	8.900.000	83.660	-	-	*PT Bank Negara Indonesia (Persero) Tbk*
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	-	5.444.337	59.615	*The Bank of Tokyo-Mitsubishi UFJ, Ltd.*
Lain-lain	521.769	4.904	434.780	4.761	*Others*
Rekening Rupiah:					*Rupiah accounts:*
PT Bank Rakyat Indonesia (Persero) Tbk	-	32.743	-	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk					*PT Bank Mandiri (Persero) Tbk*
Bank garansi	-	13.421	-	1.379	*Bank guarantees*
Lain-lain	-	1.388	-	727	*Others*
Lain-lain	-	16.058	-	16.055	*Others*
Jumlah		**2.993.622**		**3.522.132**	***Total***

<u>Rekening Dolar Amerika Serikat:</u>

Rekening *escrow* pada PT Bank Rakyat Indonesia (Persero) Tbk - Proyek Pagardewa digunakan untuk menerima hasil penjualan ekspor bagian Pemerintah atas produksi minyak mentah Indonesia, yang digunakan untuk membayar pinjaman sindikasi Proyek Pagardewa. Hasil penjualan gas domestik tertentu dari proyek Pagardewa juga dibayarkan ke dalam akun ini dan digunakan untuk membayar Pemerintah atas hasil penjualan minyak mentah milik Pemerintah yang digunakan untuk membayar pinjaman Proyek Pagardewa.

<u>US Dollar Accounts:</u>

The escrow account at PT Bank Rakyat Indonesia (Persero) Tbk - Pagardewa Project is utilized to receive proceeds from exports of a portion of the Government's share of Indonesian crude oil production, which are utilized to repay the syndicated loan involving the Pagardewa Project. Certain Pagardewa Project domestic gas sales proceeds are also paid into this account and utilized to repay the Government for its crude oil utilized to repay the Pagardewa Project loan.

4. DANA YANG DIBATASI PENGGUNAANNYA - BERSIH (lanjutan)

Rekening *escrow* pada PT Bank Rakyat Indonesia (Persero) Tbk - bank garansi digunakan sebagai jaminan bagi bank garansi yang diterbitkan untuk PT Pelita Air Service.

Pada tanggal 31 Desember 2009, rekening *escrow* pada The Hongkong and Shanghai Banking Corporation Ltd. terdiri dari rekening *escrow* berkenaan dengan perjanjian pendanaan terkait Proyek RCC Off-Gas Propylene (ROPP) (Catatan 16.i.a) dan rekening *escrow* berkenaan dengan perjanjian pendanaan terkait Proyek Pagardewa (Catatan 16.i.b). Termasuk dalam rekening Dolar Amerika Serikat bagian "Lain-lain" merupakan rekening *escrow* Perusahaan yang digunakan untuk fasilitas *letters of credit* (L/C) (2008: rekening *escrow* berkenaan dengan perjanjian pendanaan terkait proyek Pagardewa dan rekening *escrow* berkenaan dengan penerimaan dari penjualan gas bumi dan distribusi ke rekan-rekan KKS terkait Proyek Offshore North West Java (ONWJ) Gas Development yang sebelumnya merupakan rekening *escrow* pada Bank of America).

Rekening escrow pada Banque Nationale de Paris Paribas, Calyon Crédit Agricole CIB, Sumitomo Mitsui Banking Corporation, dan Natixis Bank, Singapura berkenaan dengan *letters of credit* (L/C) yang diterbitkan untuk Pertamina Energy Service Pte. Limited, Singapura.

Rekening *escrow* pada PT Bank Mandiri (Persero) Tbk adalah deposito berjangka yang dijaminkan untuk penerbitan bank garansi. Termasuk dalam bagian "Lain-lain" merupakan rekening *escrow* PT Pertamina Drilling Services Indonesia (PDSI) berkenaan dengan penerimaan jasa umum dan jasa pengeboran, dan rekening *escrow* Pertamina Energy Trading Limited yang digunakan untuk jaminan atas Fasilitas L/C (2008: Termasuk dalam bagian "Lain-lain" merupakan rekening *escrow* PT Pertamina Drilling Services Indonesia (PDSI) berkenaan dengan penerimaan jasa umum dan jasa pengeboran).

Rekening *escrow* pada PT Bank Negara Indonesia (Persero) Tbk adalah berkenaan dengan *letter of credit* (L/C) yang diterbitkan untuk Pertamina Energy Trading Limited, Hongkong.

Rekening *escrow* pada The Bank of Tokyo-Mitsubishi UFJ, Ltd. merupakan hasil penjualan minyak mentah terkait proyek yang didanai oleh Indonesia Nippon Cooperation Co. Ltd. (INOCO) dan selanjutnya digunakan sebagai pembayaran angsuran terakhir pinjaman jangka panjang kepada INOCO pada bulan Maret 2009 (Catatan 16.i.c).

4. RESTRICTED FUNDS - NET (continued)

The escrow account at PT Bank Rakyat Indonesia (Persero) Tbk - bank guarantee is utilized for collateral for a bank guarantee issued for PT Pelita Air Service.

As of December 31, 2009, the escrow accounts at The Hongkong and Shanghai Banking Corporation Ltd. consist of an escrow account under a financing arrangement in relation to the RCC Off-Gas Propylene Project (ROPP) (Note 16.i.a) and an escrow account under a financing arrangement in relation to the Pagardewa Project (Note 16.i.b). Included in the US Dollar accounts - "Others" is the Company's escrow account utilized for collateral for letters of credit (L/Cs). (2008: the escrow account was under a financing arrangement in relation to the Pagardewa Project and the escrow account involving proceeds of receipts from sales of natural gas and distribution to the PSC partners in respect of the Offshore North West Java (ONWJ) Gas Development Project, which was previously an escrow account arrangement with Bank of America).

The escrow accounts at Banque Nationale de Paris Paribas, Calyon Crédit Agricole CIB, Sumitomo Mitsui Banking Corporation, and Natixis Bank, Singapore involve letters of credit (L/Cs) issued for Pertamina Energy Service Pte. Limited, Singapore.

The escrow accounts at PT Bank Mandiri (Persero) Tbk are time deposits utilized for collateral for bank guarantees issuance. Included in "Others" are PT Pertamina Drilling Services Indonesia's (PDSI) escrow accounts which involve receipts from general services and drilling services, and Pertamina Energy Trading Limited's escrow account utilized as collateral for L/C facilities (2008: Included in "Others" are PT Pertamina Drilling Services Indonesia's (PDSI) escrow accounts which involve receipts from general services and drilling services).

The escrow account at PT Bank Negara Indonesia (Persero) Tbk involves letters of credit (L/Cs) issued for Pertamina Energy Trading Limited, Hongkong.

The escrow account at The Bank of Tokyo-Mitsubishi UFJ, Ltd. represents proceeds from sales of crude oil produced by a project funded by Indonesia Nippon Cooperation Co. Ltd. (INOCO), which was used for payment of the last installment to INOCO in March 2009 (Note 16.i.c).

(Expressed in millions of Rupiah, unless otherwise stated)

4. DANA YANG DIBATASI PENGGUNAANNYA - BERSIH (lanjutan)

Termasuk dalam rekening Dolar Amerika Serikat bagian “Lain-lain” merupakan rekening *escrow* Perusahaan pada Lembaga Pembiayaan Ekspor Indonesia (dahulu PT Bank Ekspor Indonesia (Persero), Citibank, N.A., Standard Chartered Bank, PT Bank Bukopin Tbk, PT Bank Danamon Indonesia Tbk, PT Bank Central Asia Tbk dan ABN AMRO BANK N.V.

Rekening Rupiah:

Rekening *escrow* pada PT Bank Rakyat Indonesia (Persero) Tbk adalah deposito berjangka yang dijaminkan untuk penerbitan bank garansi.

Termasuk dalam rekening *escrow* pada PT Bank Mandiri (Persero) Tbk adalah deposito berjangka yang dijaminkan untuk penerbitan bank garansi.

Termasuk dalam rekening Rupiah bagian “Lain-lain” merupakan deposito berjangka PT Patra Niaga yang dibatasi penggunaannya pada PT Bank CIMB Niaga Tbk dan PT Bank Bukopin Tbk yang merupakan jaminan PT Patra Niaga atas pinjaman dari PT Bank CIMB Niaga Tbk dan Fasilitas L/C dari PT Bank Bukopin Tbk.

4. RESTRICTED FUNDS - NET (continued)

Included in the US Dollar accounts - “Others” are the Company’s escrow accounts at the Indonesia Export Financing Institution (formerly PT Bank Ekspor Indonesia (Persero)), Citibank, N.A., Standard Chartered Bank, PT Bank Bukopin Tbk, PT Bank Danamon Indonesia Tbk, PT Bank Central Asia Tbk and ABN AMRO BANK N.V.

Rupiah Accounts:

The escrow accounts at PT Bank Rakyat Indonesia (Persero) Tbk are time deposits utilized as collateral for bank guarantees issuance.

Included in the escrow accounts at PT Bank Mandiri (Persero) Tbk are time deposits utilized as collateral for bank guarantees issuance.

Included in the Rupiah accounts - “Others” are PT Patra Niaga’s restricted time deposits maintained at PT Bank CIMB Niaga Tbk and PT Bank Bukopin Tbk representing collateral in relation to PT Patra Niaga’s loan from PT Bank CIMB Niaga Tbk and L/C facilities from PT Bank Bukopin Tbk.

5. PIUTANG USAHA - PIHAK KETIGA

5. TRADE RECEIVABLES - THIRD PARTIES

a. Piutang usaha berdasarkan pelanggan adalah sebagai berikut:

a. Trade receivables by customer are as follows:

	2009	2008	
PT Perusahaan Listrik Negara (Persero) (PLN) dan anak perusahaan	6.872.029	13.977.962	*PT Perusahaan Listrik Negara (Persero) (PLN) and subsidiaries*
TNI/POLRI	6.263.611	6.331.149	*Indonesian Armed Forces/Police*
PT Garuda Indonesia (Persero)	638.371	249.340	*PT Garuda Indonesia (Persero)*
Mitsui Oil Pte. Ltd.	483.415	-	*Mitsui Oil Pte. Ltd.*
Mitsubishi Corporation	458.269	324.727	*Mitsubishi Corporation*
Chevron Corporation	431.325	25.535	*Chevron Corporation*
Itochu Petroleum Co. Pte. Ltd.	407.370	203.717	*Itochu Petroleum Co. Pte. Ltd.*
PT Pupuk Kaltim Tbk	390.540	684.831	*PT Pupuk Kaltim Tbk*
PT Petrochina International Company	372.993	2.075.960	*PT Petrochina International Company*
PT Petromine Energy Trading	308.573	-	*PT Petromine Energy Trading*
Petroliam Nasional (Petronas)	294.325	149.645	*Petroliam Nasional (Petronas)*
PT Kaltim Prima Coal	284.716	79.301	*PT Kaltim Prima Coal*
PT Pamapersada Nusantara	271.986	121.223	*PT Pamapersada Nusantara*
PT Lion Mentari Airlines	269.285	-	*PT Lion Mentari Airlines*
PT Pupuk Sriwidjaja (Persero)	262.876	187.156	*PT Pupuk Sriwidjaja (Persero)*
Toyota Tshuho Corporation	262.656	27.946	*Toyota Tshuho Corporation*
PT Newmont Nusa Tenggara	227.156	190.271	*PT Newmont Nusa Tenggara*
PT Merpati Nusantara Airlines	220.913	313.982	*PT Merpati Nusantara Airlines.*
PT Perusahaan Gas Negara (Persero) Tbk	210.405	626.154	*PT Perusahaan Gas Negara (Persero) Tbk*

(Expressed in millions of Rupiah,
unless otherwise stated)

5. PIUTANG USAHA - PIHAK KETIGA (lanjutan)

5. TRADE RECEIVABLES - THIRD PARTIES (continued)

a. Piutang usaha berdasarkan pelanggan adalah sebagai berikut: (lanjutan)

a. Trade receivables by customer are as follows: (continued)

	2009	2008	
PT Polytama Propindo	175.376	35.429	*PT Polytama Propindo*
Saudi Arabian Airlines	172.025	231.637	*Saudi Arabian Airlines*
SK Energy Co. Ltd.	156.230	69.923	*SK Energy Co. Ltd.*
Vitol Asia Pte. Ltd.	148.922	75.756	*Vitol Asia Pte. Ltd.*
PT Kaltim Methanol Industri	139.756	133.220	*PT Kaltim Methanol Industri*
Kodeco Energy Co. Ltd.	138.773	4.267	*Kodeco Energy Co. Ltd.*
Glencore Singapore Pte. Ltd.	135.702	64.939	*Glencore Singapore Pte. Ltd.*
PT Lapindo Brantas Inc.	134.758	497	*PT Lapindo Brantas Inc.*
Trafigura Pte. Ltd.	130.166	186.655	*Trafigura Pte. Ltd.*
PT Lontar Papyrus Pulp & Paper Indonesia	125.420	-	*PT Lontar Papyrus Pulp & Paper Indonesia*
PT Indah Kiat Pulp & Paper Tbk	123.157	-	*PT Indah Kiat Pulp & Paper Tbk*
PT Kaltim Parna Industri	118.051	3.057	*PT Kaltim Parna Industri*
PT Caraka Tirta Pratama	117.777	-	*PT Caraka Tirta Pratama*
Malaysian Airlines	112.223	86.785	*Malaysian Airlines*
PT Mahakam Nusa Energi	104.050	274.767	*PT Mahakam Nusa Energi*
PT Arutmin Indonesia	102.392	15.254	*PT Arutmin Indonesia*
Total E&P Indonesie	101.159	21.920	*Total E&P Indonesie*
PT Tambang Timah	97.100	20.393	*PT Tambang Timah*
PT Kalimantan Prima Persada	92.911	24.692	*PT Kalimantan Prima Persada*
PT Polyprima Karyareksa	84.731	98.703	*PT Polyprima Karyareksa*
PT Cipta Karya Persada	84.364	-	*PT Cipta Karya Persada*
World Fuel Services Singapore Ltd.	77.860	34.599	*World Fuel Services Singapore Ltd.*
PT Krakatau Steel (Persero)	76.349	40.373	*PT Krakatau Steel (Persero)*
PT Pertalahan Arnebatara Natuna	76.335	-	*PT Pertalahan Arnebatara Natuna*
Jalways Co. Ltd.	69.880	82.478	*Jalways Co. Ltd.*
CNOOC Ltd.	66.794	6.921	*CNOOC Ltd.*
PT Leighton Contractors Indonesia	64.966	48.302	*PT Leighton Contractors Indonesia*
PT Asmin Koalindo Tuhup	63.248	-	*PT Asmin Koalindo Tuhup*
PT Bukit Makmur Mandiri Utama	62.347	87.652	*PT Bukit Makmur Mandiri Utama*
PT Pupuk Kujang	61.987	45.258	*PT Pupuk Kujang*
Japan Airlines International Co. Ltd.	61.264	61.777	*Japan Airlines International Co. Ltd.*
BP Berau Ltd.	60.793	-	*BP Berau Ltd.*
PT Kaltim Pasific Amoniak	53.847	102.660	*PT Kaltim Pasific Amoniak*
PT Cikarang Listrindo	47.812	67.050	*PT Cikarang Listrindo*
PT Medco E&P Indonesia	23.571	60.497	*PT Medco E&P Indonesia*
Singapore Airlines	27.886	108.228	*Singapore Airlines*
ConocoPhillips International Ltd.	8.398	94.262	*ConocoPhillips International Ltd.*
PTT Public Co. Ltd.	1.395	73.527	*PTT Public Co. Ltd.*
Keris Petro Finance N.V.	-	139.591	*Keris Petro Finance N.V.*
Kuo Oil (s) Pte. Ltd.	-	69.023	*Kuo Oil (s) Pte. Ltd.*
Lain-lain (masing-masing di bawah Rp50.000)	5.124.216	3.215.229	*Others (each below Rp50,000)*
Sub jumlah	27.554.805	31.254.220	*Sub total*
Penyisihan piutang ragu-ragu	(971.795)	(666.317)	*Allowance for doubtful accounts*
Bersih	**26.583.010**	**30.587.903**	***Net***
Bagian lancar	**(26.370.345)**	**(30.375.238)**	***Current portion***
Bagian tidak lancar - bersih (Catatan 12)	**212.665**	**212.665**	***Non-current portion - net (Note 12)***

(Expressed in millions of Rupiah,
unless otherwise stated)

5. PIUTANG USAHA - PIHAK KETIGA (lanjutan)

5. TRADE RECEIVABLES - THIRD PARTIES (continued)

b. Piutang usaha berdasarkan umur adalah sebagai berikut:

b. The aging of trade receivables is as follows:

	2009	2008	
0 - 3 bulan	19.862.690	21.404.801	*0 - 3 months*
3 - 6 bulan	2.553.345	8.267.549	*3 - 6 months*
6 - 12 bulan	2.745.368	764.920	*6 - 12 months*
12 - 24 bulan	1.784.185	404.709	*12 - 24 months*
Jatuh tempo lebih dari 24 bulan	609.217	412.241	*Outstanding for more than 24 months*
Jumlah	**27.554.805**	**31.254.220**	***Total***

c. Mutasi penyisihan piutang ragu-ragu atas piutang usaha adalah sebagai berikut:

c. Movements in the allowance for doubtful trade receivables are as follows:

	2009	2008	
Saldo awal	(666.317)	(488.447)	*Beginning balance*
Penyisihan selama tahun berjalan	(325.702)	(253.237)	*Allowance during the year*
Pembalikan penyisihan terkait PT Elnusa Tbk dan PT Patra Dok Dumai, Anak Perusahaan yang tidak dikonsolidasikan lagi	2.881	36.410	*Reversal of allowance involving PT Elnusa Tbk's and PT Patra Dok Dumai, which Subsidiaries were deconsolidated*
Pembalikan penyisihan atas piutang yang terpulihkan - bersih	17.343	38.957	*Reversal of allowance involving collected receivables - net*
Saldo akhir	**(971.795)**	**(666.317)**	***Ending balance***

Berdasarkan evaluasi manajemen terhadap kolektibilitas saldo masing-masing piutang usaha pada tanggal 31 Desember 2009 dan 2008, manajemen berkeyakinan bahwa jumlah penyisihan piutang ragu-ragu adalah memadai untuk menutup kemungkinan kerugian dari tidak tertagihnya piutang usaha dari pihak ketiga tersebut, termasuk piutang dari PLN, TNI dan POLRI.

Based on management's review of the status of the individual trade receivable accounts as of December 31, 2009 and 2008, management believes that the allowance for doubtful accounts is adequate to cover possible losses on uncollectible trade receivables from third parties, including receivables from PLN, the Indonesian Armed Forces and the Police.

Manajemen berkeyakinan bahwa tidak terdapat risiko terkonsentrasi secara signifikan atas piutang usaha kepada pihak ketiga.

Management believes that there are no significant concentrations of credit risk involving third party trade receivables.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PIUTANG DARI PEMERINTAH

6. DUE FROM THE GOVERNMENT

	2009	2008	
Perusahaan:			***The Company:***
Piutang atas penggantian biaya subsidi jenis BBM tertentu	8.124.037	8.641.360	*Receivables for reimbursement of costs subsidy for certain fuel (BBM) products*
Piutang atas penggantian biaya program konversi minyak tanah ke LPG	6.051.700	3.755.124	*Receivables for reimbursement of costs for kerosene conversion to LPG program*
Piutang imbalan jasa pemasaran	1.264.198	2.978.382	*Receivables for marketing fees*
Pembayaran dividen interim untuk tahun 2003 (Catatan 23)	-	499.798	*Interim dividend payments for 2003 (Note 23)*
Piutang atas penggantian biaya subsidi LPG tabung 3 kg	570.378	150.355	*Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders*
Lebih payar pajak penghasilan dari kegiatan *Technical Assistance Contract* (TAC) Elnusa Tristar Ramba Ltd., British Virgin Islands	269.067	-	*Overpayment of income tax involving Elnusa Tristar Ramba Ltd., British Virgin Islands Technical Assistance Contract (TAC) activities*
Lain-lain	-	60.629	*Others*
Jumlah - Perusahaan	**16.279.380**	**16.085.648**	***Total - Company***
Anak Perusahaan:			***Subsidiaries:***
Piutang PT Pertamina EP	3.020.714	9.182.356	*PT Pertamina EP's receivables*
Piutang PT Pertamina Hulu Energi - *DMO fees*	694.901	51.278	*PT Pertamina Hulu Energi's receivables - DMO fees*
Jumlah - anak perusahaan	**3.715.615**	**9.233.634**	***Total - subsidiaries***
Jumlah konsolidasian	**19.994.995**	**25.319.282**	***Total consolidated***
Dikurangi: Bagian lancar	**(9.867.303)**	**(13.870.328)**	***Less: Current portion***
Bagian tidak lancar	**10.127.692**	**11.448.954**	***Non-current portion***

Jumlah piutang dari Pemerintah yang jatuh tempo untuk dilunasi dalam periode 1 (satu) tahun setelah tanggal neraca dikelompokkan sebagai piutang lancar.

The amount due from the Government which is due for settlement within 1 (one) year after the balance sheet date is categorized as a current receivable.

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu

Piutang Perusahaan atas penggantian biaya subsidi jenis BBM tertentu merupakan tagihan atas subsidi BBM kepada masyarakat Republik Indonesia.

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

The Company's receivables for reimbursement of costs subsidy for certain fuel (BBM) products involve the fuel (BBM) subsidy to the people of the Republic of Indonesia.

6. PIUTANG DARI PEMERINTAH (lanjutan)

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu (lanjutan)

Berdasarkan keputusan Kepala Badan Pengatur Hilir Minyak dan Gas Bumi (BPH Migas) No. 158/PSO/BPH Migas/Kom/XII/2008, No. 159/PSO/BPH Migas/Kom/XII/2008 dan No. 160/PSO/BPH Migas/Kom/XII/2008 yang semuanya bertanggal 23 Desember 2008 yang diperbaharui dengan keputusan No. 185/PSO/BPH Migas/Kom/XI/2009, No. 186/PSO/BPH Migas/Kom/XI/2009, No. 187/PSO/BPH Migas/Kom/XI/2009 yang semuanya bertanggal 26 November 2009 untuk tahun 2009, Perusahaan mendapat penugasan dari Pemerintah untuk melaksanakan *Public Service Obligation (PSO)* dalam rangka penyediaan jenis BBM tertentu untuk pasar domestik di Indonesia.

Penugasan yang sama kepada Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2008 adalah berdasarkan keputusan Kepala BP Hilir No. 132/PSO/BPH Migas/Kom/XII/2007 tanggal 26 Desember 2007.

Jumlah subsidi jenis BBM tertentu diaudit oleh Badan Pemeriksa Keuangan (BPK) setiap tahunnya dan penyesuaian terhadap estimasi subsidi BBM Perusahaan dibuat berdasarkan hasil audit tersebut.

Peraturan Menteri Keuangan No. 25/ PMK.02/2007 tanggal 1 Maret 2007 dan No. 03/PMK.02/2009 tanggal 12 Januari 2009 mengatur tata cara penghitungan dan penggantian subsidi bahan bakar minyak masing-masing untuk tahun 2008 dan 2009, dimana Perusahaan berhak mendapatkan penggantian tahunan biaya (subsidi) untuk BBM bersubsidi yang dihitung berdasarkan selisih harga MOPS (*Mid Oil Platt's Singapore*) ditambah biaya distribusi dan margin (Alfa) dan harga jual eceran BBM bersubsidi (tidak termasuk pajak pertambahan nilai (PPN) dan pajak bahan bakar kendaraan bermotor (PBBKB) berdasarkan harga jual yang ditetapkan oleh Pemerintah melalui Keputusan Presiden.

Penggantian biaya subsidi jenis bahan bakar minyak adalah untuk produk minyak seperti: bensin premium, minyak tanah, dan minyak solar.

6. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of costs subsidy for certain fuel (BBM) products (continued)

Based on the decrees of the Head of the Executive Agency for Downstream Oil and Gas Activity (BPH Migas) No. 158/PSO/BPH Migas/Kom/XII/2008, No. 159/PSO/BPH Migas/Kom/XII/2008 and No. 160/PSO/BPH Migas/Kom/XII/2008 all dated December 23, 2008 which were amended by decrees No. No. 185/PSO/BPH Migas/Kom/XI/2009, No. 186/PSO/BPH Migas/Kom/XI/2009, No. 187/PSO/BPH Migas/Kom/XI/2009 all dated November 26, 2009 for the year 2009, the Company has been assigned by the Government to fulfill the Public Service Obligation (PSO) for the supply of certain fuel (BBM) products to the Indonesian domestic market.

The Company's corresponding PSO for the year ended December 31, 2008 was based on the decree of the Head of BP Hilir No. 132/PSO/BPH Migas/Kom/XII/2007 dated December 26, 2007.

The subsidy amounts for certain fuel (BBM) products are audited by the Supreme Audit Agency (BPK) on an annual basis and adjustments to the Company's estimated BBM subsidy are made based on such audit results.

The Minister of Finance Decree No. 25/ PMK.02/2007 dated March 1, 2007 and No.03/PMK.02/2009 dated January 12, 2009 stipulates the calculation method and fuel costs subsidy reimbursements process for 2008 and 2009, respectively, whereby the Company is entitled to an annual reimbursement for subsidized fuel costs based on the difference between MOPS (Mid Oil Platt's Singapore) prices plus distribution costs and margin (Alpha) and retail sales prices of subsidized fuel products (excluding related value added tax and tax on vehicle fuels) based on prices determined by the Government through Presidential Decrees.

The fuel (BBM) products costs subsidy reimbursements involve the following petroleum products: premium gasoline, kerosene and automotive diesel oil.

(Expressed in millions of Rupiah,
unless otherwise stated)

6. PIUTANG DARI PEMERINTAH (lanjutan)

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu (lanjutan)

Peraturan Presiden No. 45 tanggal 23 Oktober 2009 merubah definisi jenis bahan bakar minyak tertentu dengan memasukkan bahan bakar yang diproduksi dari minyak bumi olahan, yang telah dicampurkan dengan bahan bakar nabati *(biofuel)* untuk menghasilkan bahan bakar. Sehingga di tahun 2009, selain bensin premium, minyak tanah, dan minyak solar, Pemerintah juga memberikan subsidi untuk produk bahan bakar nabati seperti biodiesel, bioethanol, dan minyak nabati murni.

Mutasi piutang atas penggantian biaya subsidi jenis BBM tertentu adalah sebagai berikut:

6. DUE FROM THE GOVERNMENT(continued)

a. Receivables for reimbursement of costs subsidy for certain fuel (BBM) products (continued)

Presidential Decree No. 45 dated October 23, 2009 changed the definition of certain fuel (BBM) petroleum products to include fuel produced from processing crude oil which has been blended with biofuel to produce fuel. Accordingly in 2009, in addition to premium gasoline, kerosene, and diesel oil, the Government also provides subsidies involving biofuel products such as biodiesel, bioethanol and pure vegetable oil.

The movements of receivables for reimbursement of costs subsidy for certain fuel (BBM) products are as follows:

	2009	2008	
Saldo awal	8.641.360	4.269.100	*Beginning balance*
Ditambah:			*Add:*
Biaya subsidi jenis BBM tertentu	37.106.393	136.033.842	*Costs subsidy for certain fuel (BBM) products*
Koreksi BPK	(33.134)	(176.300)	*BPK corrections*
Jumlah bersih penggantian biaya subsidi jenis BBM tertentu (Catatan 26)	37.073.259	135.857.542	*Net amount of reimbursements of costs subsidy for certain fuel (BBM) products (Note 26)*
Piutang dari subsidi bahan bakar nabati	125.732	-	*Receivable for biofuel subsidy*
Dikurangi:			*Less:*
Koreksi BPK atas tambahan penggantian biaya subsidi jenis BBM tertentu untuk periode 17 September 2003 - 31 Desember 2005 (Catatan 26)	(1.315.031)	-	*BPK corrections for additional reimbursement amounts for certain fuel (BBM) products costs subsidy for the period September 17, 2003 - December 31, 2005 (Note 26)*
Penerimaan tunai	-	(5.853.708)	*Cash received*
Piutang diperhitungkan dengan kewajiban kepada Pemerintah:			*Offset of receivable amount against balances due to the Government:*
Nilai lawan terhutang kepada Pemerintah (Catatan 15a)	(32.235.289)	(123.554.915)	*Conversion account amounts due to the Government (Note 15a)*
Hutang dari kelebihan penggantian biaya subsidi jenis BBM tertentu	(719.462)	(1.076.659)	*Payable for excess reimbursement of certain fuel (BBM) products cost subsidy*
Uang muka dividen (Catatan 23)	(3.434.875)	(1.000.000)	*Dividend advances (Note 23)*
Lain-lain	(11.657)	-	*Others*
Saldo akhir	**8.124.037**	**8.641.360**	***Ending balance***

6. PIUTANG DARI PEMERINTAH (lanjutan)

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu (lanjutan)

Koreksi BPK atas penghitungan tagihan penggantian biaya subsidi jenis BBM tertentu Perusahaan tahun 2009 dan 2008 adalah masing-masing berdasarkan Laporan Hasil Pemeriksaan Sementara BPK No. 28/S/XX.1/10/2010 tanggal 4 Oktober 2010 dan Laporan Hasil Pemeriksaan BPK (LHP) No. 2/S/IX-XX/11/2009 tanggal 30 November 2009. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, laporan sebelum hasil pemeriksaan akhir BPK untuk tahun 2009 belum diterbitkan. Manajemen berkeyakinan bahwa jumlah final penggantian biaya subsidi jenis BBM tertentu untuk tahun 2009 akan sama dengan hasil sementara pemeriksaan BPK per 4 Oktober 2010.

Saldo piutang atas penggantian biaya subsidi jenis BBM tertentu per tanggal 31 Desember 2009 dan 2008 tersebut termasuk jumlah tambahan penggantian biaya subsidi jenis BBM tertentu untuk periode dari tanggal 17 September 2003 (tanggal pendirian) sampai dengan tanggal 31 Desember 2003 dan tahun yang berakhir pada tanggal-tanggal 31 Desember 2004 dan 2005 masing-masing sebesar Rp2.461.533, Rp3.528.458 dan Rp1.131.761 yang merupakan hasil perhitungan kembali nilai subsidi jenis BBM tertentu sebagai dampak koreksi atas biaya penyusutan dan koreksi lainnya atas laporan keuangan untuk periode mulai 17 September 2003 sampai dengan 31 Desember 2003, dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2004 dan 2005.

Dalam surat tanggal 1 September 2009, Perusahaan mengajukan tagihan atas jumlah tambahan penggantian biaya subsidi jenis BBM tertentu tersebut kepada Menteri Keuangan. Sesuai dengan hasil sementara pemeriksaan BPK per tanggal 22 Oktober 2010, jumlah tambahan penggantian biaya subsidi jenis BBM tertentu untuk periode dari tanggal 17 September 2003 (tanggal pendirian) sampai dengan tanggal 31 Desember 2003 dan tahun yang berakhir pada tanggal-tanggal 31 Desember 2004 dan 2005, adalah sebesar Rp5.806.721. Manajemen memutuskan membiayakan tambahan penggantian biaya subsidi jenis BBM tertentu yang tidak diperkenankan sebesar Rp1.315.031 ke laporan laba rugi konsolidasian tahun 2009 (Catatan 26).

6. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of costs subsidy for certain fuel (BBM) products (continued)

The BPK's corrections of reimbursement calculations of the Company's costs subsidy for certain fuel (BBM) products for 2009 and 2008 are based on the BPK's Temporary Audit Report No. 28/S/XX.1/10/2010 dated October 4, 2010 and the BPK's Audit Report (LHP) No. 2/S/IX-XX/11/2009 dated November 30, 2009, respectively. As of the completion date of these consolidated financial statements, the final BPK Audit Report for 2009 has not yet been issued. Management believes that the final amount of reimbursements for certain fuel (BBM) products costs subsidy amounts for the year 2009 will be the same as the temporary result of the audit performed by BPK dated October 4, 2010.

The balances of receivables for reimbursements of certain fuel (BBM) products costs subsidy as of December 31, 2009 and 2008 include additional reimbursement amounts for certain fuel (BBM) products costs subsidy for the period from September 17, 2003 (inception date) through December 31, 2003 and the years ended December 31, 2004 and 2005 amounting to Rp2,461,533, Rp3,528,458 and Rp1,131,761, respectively, resulting from the recalculation of certain fuel (BBM) products costs subsidy amounts as a result of depreciation expense and other financial statement corrections in the period from September 17, 2003 up to December 31, 2003 and for the years ended December 31, 2004 and 2005.

In a letter dated September 1, 2009, the Company submitted claims for such additional reimbursements of certain fuel (BBM) products costs subsidy amounts to the Minister of Finance. Based on the temporary result of the audit performed by the BPK dated October 22, 2010, the amount of additional reimbursements for certain fuel (BBM) products costs subsidy for the period from September 17, 2003 (inception date) through December 31, 2003 and the years ended December 31, 2004 and 2005 is Rp5,806,721. Management decided to expense the disallowed additional reimbursement amounts for certain fuel (BBM) products costs subsidy of Rp1,315,031 in the 2009 consolidated statement of income (Note 26).

6. PIUTANG DARI PEMERINTAH (lanjutan)

a. Piutang atas penggantian biaya subsidi jenis BBM tertentu (lanjutan)

Manajemen berkeyakinan bahwa jumlah final tambahan penggantian biaya subsidi jenis BBM tertentu untuk periode dari tanggal 17 September 2003 (tanggal pendirian) sampai dengan tanggal 31 Desember 2003 dan tahun yang berakhir pada tanggal-tanggal 31 Desember 2004 dan 2005 akan sama dengan hasil sementara pemeriksaan BPK per tanggal 22 Oktober 2010.

Jumlah-jumlah terhutang kepada Pemerintah yang telah diperhitungkan sebagai pengurang piutang penggantian biaya subsidi jenis BBM tertentu adalah berdasarkan Surat Perintah Membayar (SPM) yang dikeluarkan oleh Menteri Keuangan. Jumlah-jumlah tersebut tercantum dalam Laporan Satuan Kerja (Satker) Penerimaan Negara yang anggotanya merupakan perwakilan dari Menteri Keuangan (Direktorat Jenderal Anggaran dan Perimbangan Keuangan), Direktorat Jenderal Minyak dan Gas Bumi, Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (BPMIGAS), Bank Indonesia dan Perusahaan.

Pada tanggal 31 Desember 2009, hutang kepada Pemerintah yang telah diperhitungkan sebagai pengurang piutang penggantian biaya subsidi jenis BBM tertentu termasuk sebagian uang muka dividen sebesar Rp3.434.875 (Catatan 23), dan hutang dari kelebihan penggantian biaya subsidi jenis BBM tertentu masing-masing sebesar Rp 719.462 (sehingga saldo hutang tersebut menjadi Rp399.081 pada tanggal 31 Desember 2009 - Catatan 15).

Pada tanggal 31 Desember 2008, hutang kepada Pemerintah yang telah diperhitungkan sebagai pengurang piutang penggantian biaya subsidi jenis BBM tertentu termasuk sebagian uang muka dividen sebesar Rp1.000.000 (Catatan 23), dan sebagian hutang dari kelebihan penggantian biaya subsidi jenis BBM tertentu sebesar Rp1.076.659 (sehingga saldo hutang tersebut menjadi Rp453.945 pada tanggal 31 Desember 2008 - Catatan 15).

6. DUE FROM THE GOVERNMENT (continued)

a. Receivables for reimbursement of costs subsidy for certain fuel (BBM) products (continued)

Management believes that the final amount of additional reimbursements for certain fuel (BBM) products costs subsidy amounts for the period from September 17, 2003 (inception date) through December 31, 2003 and the years ended December 31, 2004 and 2005 will be the same as the temporary result of the audit performed by BPK dated October 22, 2010.

The amounts due to the Government which have been offset by receivables arising in relation to the costs subsidy for certain fuel (BBM) products are based on Payment Instruction Letters (SPM) issued by the Minister of Finance. The amounts are included in the Report of the State Revenue Working Unit (Satker) which members comprise of representatives from the Minister of Finance (Directorate General of Budget and Finance Stability), Directorate General of Crude Oil and Natural Gas, Executive Agency for Upstream Oil and Gas Activity (BPMIGAS), Bank Indonesia and the Company.

As of December 31, 2009, the amounts due to the Government which have been offset by receivables arising in relation to the costs subsidy for certain fuel (BBM) products include a portion of dividend advances of Rp3,434,875 (Note 23), and amounts payable from excess reimbursement of certain fuel (BBM) products cost subsidy of Rp719,462 (resulting in a remaining amount payable of Rp399,081 as of December 31, 2009 - Note 15).

As of December 31, 2008, the amounts due to the Government which have been offset by receivables arising in relation to the costs subsidy for certain fuel (BBM) products include a portion of dividend advances of Rp1,000,000 (Note 23), and a portion of amounts payable from excess reimbursement of certain fuel (BBM) products cost subsidy of Rp1,076,659 (resulting in a remaining amount payable of Rp453,945 as of December 31, 2008 - Note 15).

(Expressed in millions of Rupiah, unless otherwise stated)

6. PIUTANG DARI PEMERINTAH (lanjutan)

b. Piutang dari Kementerian Energi dan Sumber Daya Mineral (ESDM)

Umum

Sesuai dengan Peraturan Presiden No. 104 tahun 2007, Pemerintah mengatur tentang penyediaan, pendistribusian, dan penetapan harga *Liquefied Petroleum Gas* (LPG) yang dijual di dalam tabung 3 kilogram ("LPG tabung 3 kg") untuk rumah tangga dan usaha mikro dalam rangka mengurangi subsidi BBM sebagai akibat penggantian ke LPG dari minyak tanah ("konversi mitan").

Efektif sejak tanggal 1 Januari 2007, Perusahaan ditugaskan sebagai penanggung jawab dalam penyediaan dan pendistribusian LPG tabung 3 kg sesuai dengan program konversi mitan untuk wilayah tertentu di Indonesia oleh Kementerian Energi dan Sumber Daya Mineral. Sesuai ketentuan dalam penugasan ini, Perusahaan berhak mendapatkan penggantian biaya dari Pemerintah.

Piutang atas penggantian biaya program konversi minyak tanah (mitan) ke LPG

Piutang ini merupakan jumlah terhutang ke Perusahaan dari Pemerintah atas biaya penggantian atas penyediaan dan pendistribusian perdana LPG tabung 3 kg dan kompor beserta peralatannya sesuai dengan surat Menteri Energi dan Sumber Daya Mineral No. 3175K/10/MEM/2007 tanggal 27 Desember 2007 sebagai berikut:

6. DUE FROM THE GOVERNMENT (continued)

b. Due from the Ministry of Energy and Mineral Resources

General

In accordance with Presidential Regulation No. 104 year 2007, the Government regulated the supply, distribution, and determination of the price of Liquefied Petroleum Gas (LPG) sold in 3 kilogram cylinders ("LPG 3 kg cylinders") for household and micro/small businesses to reduce the subsidized fuel products (BBM) cost as a result of substituting LPG for kerosene ("kerosene conversion").

Effective from January 1, 2007, the Company was assigned the responsibility for the procurement and distribution of LPG 3 kg cylinders related to the kerosene conversion program in certain areas in Indonesia by the Ministry of Energy and Mineral Resources. Under the terms of such assignment, the Company is entitled to cost reimbursement from the Government.

Receivables for reimbursements of costs for kerosene conversion to LPG program

These receivables represent amounts due to the Company by the Government for reimbursements of costs involving initial supply and distribution of LPG 3 kg cylinders and stoves together with accessories based on the Minister of Energy and Mineral Resources' letter No. 3175K/10/MEM/2007 dated December 27, 2007 as follows:

	2009	2008	
Saldo awal	3.755.124	267.605	*Beginning balance*
Penyaluran tabung LPG dan kompor beserta regulator	6.129.310	3.737.679	*Distribution of LPG cylinders and stoves together with regulators*
Penerimaan biaya penggantian	(3.832.734)	(250.160)	*Receipt of reimbursements of costs*
Saldo akhir	**6.051.700**	**3.755.124**	***Ending balance***

Pada bulan Februari 2010, Perusahaan telah menerima pembayaran biaya penggantian dari Direktorat Jenderal Minyak dan Gas Bumi sebesar Rp1.999.797. Sisanya sejumlah Rp4.051.903 yang berasal dari program konversi tahun 2009 dan 2008 masing-masing sebesar Rp1.983.152 dan Rp2.068.751 masih memerlukan verifikasi oleh Direktorat Jenderal Minyak dan Gas Bumi.

In February 2010, the Company received payments for reimbursements of costs from the Directorate General of Oil and Gas amounting to Rp1,999,797. The remaining amount of Rp4,051,903 arose in relation to the conversion program in 2009 and 2008 of Rp1,983,152 and Rp2,068,751, respectively, and is subject to verification by the Directorate General of Oil and Gas.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PIUTANG DARI PEMERINTAH (lanjutan)

b. Piutang dari Kementerian Energi dan Sumber Daya Mineral (ESDM) (lanjutan)

Piutang atas penggantian biaya program konversi minyak tanah (mitan) ke LPG (lanjutan)

Perusahaan telah mengajukan permohonan penambahan alokasi anggaran terhadap kekurangan penggantian biaya tersebut melalui surat Direktur Utama No. 1790/ C00000/2009-S4 tanggal 18 November 2009 kepada Menteri Keuangan. Perusahaan juga telah menerima surat tembusan dari Direktorat Jenderal Minyak dan Gas Bumi No. 24157/80/ DJM.0/2010 tanggal 24 September 2010 kepada Direktorat Jenderal Anggaran mengenai permintaan penambahan alokasi anggaran untuk program konversi energi tahun anggaran 2011 atas kekurangan pembayaran penggantian biaya program konversi mitan tahun 2008 sampai dengan tahun 2009.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, Perusahaan belum mendapat tanggapan dari Menteri Keuangan dalam kaitannya dengan penambahan alokasi anggaran tersebut.

c. Piutang imbalan jasa pemasaran

Piutang ini merupakan jumlah yang harus diterima oleh Perusahaan dari Pemerintah untuk komisi atas jasa memasarkan minyak mentah, gas bumi dan LNG bagian Pemerintah sebagai berikut:

6. DUE FROM THE GOVERNMENT (continued)

b. Due from the Ministry of Energy and Mineral Resources (continued)

Receivables for reimbursements of costs for kerosene conversion to LPG program (continued)

The Company has proposed an additional budget allocation for the settlement of the underpayment of these reimbursement costs through the President Director's letter No. 1790/C00000/2009-S4 dated November 18, 2009 to the Minister of Finance. The Company received a copy of the Directorate General of Oil and Gas' letter No. 24157/80/ DJM.0/2010 dated September 24, 2010 to the Directorate General of Budget concerning the request for an additional 2011 budget allocation for the energy conversion program in relation to underpayments of reimbursable costs for the kerosene conversion to LPG program from 2008 through 2009.

As of the date of completion of these consolidated financial statements, the Company has not yet received a response from the Minister of Finance in relation to the additional budget allocation.

c. Receivables for marketing fees

These receivables represent amounts due to the Company by the Government for fees involving marketing activities in relation to the Government's share of crude oil, natural gas and LNG as follows:

	2009	2008	
Imbalan jasa pemasaran:			*Marketing fees:*
2009 (USD134.489.133 - nilai penuh)	1.264.198	-	*2009 (US$134,489,133 - full amount)*
2008 (USD138.630.523 - nilai penuh)	-	1.518.004	*2008 (US$138,630,523 - full amount)*
2007 (USD133.367.848 - nilai penuh)	-	1.460.378	*2007 (US$133,367,848 - full amount)*
Jumlah	**1.264.198**	**2.978.382**	***Total***

Imbalan jasa pemasaran merupakan imbalan yang diterima dari Pemerintah atas:

- Jasa yang meliputi manajemen aktivitas LNG,
- Manajemen pipa gas hulu,
- Bagian Pemerintah atas produksi minyak mentah Indonesia yang diekspor atau masuk ke kilang Perusahaan untuk diproses menjadi hasil minyak, dan
- Bagian Pemerintah atas ekspor produksi gas bumi.

Marketing fees involve fees receivable from the Government in relation to:

- *Services involving management of LNG activities,*
- *Upstream gas pipeline management,*
- *Government's share of Indonesian crude oil production exported or shipped to the Company's refineries for processing into oil products, and*
- *Government's share of export of natural gas production.*

6. PIUTANG DARI PEMERINTAH (lanjutan)

c. Piutang imbalan jasa pemasaran (lanjutan)

Berdasarkan Surat Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (BP MIGAS) kepada Menteri Energi dan Sumber Daya Mineral No. 0451/BP00000/2010/SO tanggal 18 Agustus 2010 dan surat Menteri Energi dan Sumber Daya Mineral kepada Menteri Keuangan No. 7034/12/MEM.M/2010 tanggal 5 November 2010, imbalan jasa pemasaran tahun 2009 sebesar USD147.938.046 (nilai penuh) sudah termasuk Pajak Pertambahan Nilai (PPN) sebesar USD13.448.913 (nilai penuh) dan Pajak Penghasilan Pasal 23 sebesar USD2.689.782 (nilai penuh).

Berdasarkan Berita Acara No. BA-1211/AG.6/2009 yang dibuat oleh Departemen Keuangan Republik Indonesia Direktorat Jenderal Anggaran - Direktorat Penerimaan Negara Bukan Pajak tanggal 23 Oktober 2009, dan surat Menteri Energi dan Sumber Daya Mineral kepada Menteri Keuangan No. 3908/12/MEM.M/2009 tanggal 21 Agustus 2009, imbalan jasa pemasaran tahun 2008 sebesar USD155.605.689 (nilai penuh) sudah termasuk Pajak Pertambahan Nilai (PPN) sebesar USD14.145.972 (nilai penuh) dan Pajak Penghasilan Pasal 23 sebesar USD2.829.194 (nilai penuh).

Jumlah imbalan jasa pemasaran tersebut sudah berdasarkan hasil verifikasi oleh perwakilan dari Perusahaan, Departemen Keuangan, Departemen Energi dan Sumber Daya Mineral, dan BPMIGAS. Berdasarkan surat dari Menteri Keuangan tanggal 2 Desember 2009, jasa pemasaran tahun 2008 dan 2007 masih bersifat sementara; besaran final masih akan ditentukan berdasarkan audit dari instansi yang berwenang.

6. DUE FROM THE GOVERNMENT (continued)

c. Receivables for marketing fees (continued)

Based on the letter of the Executive Agency for Upstream Oil and Gas Activities (BPMIGAS) to the Minister of Energy and Mineral Resources No. 0451/BP00000/2010/SO dated August 18, 2010 and the letter of the Minister of Energy and Mineral Resources to the Minister of Finance No. 7034/12/MEM.M/2010 dated November 5, 2010, the marketing fees for 2009 are US$147,938,046 (full amount), including Value Added Tax (VAT) of US$13,448,913 (full amount) and withholding income tax Article 23 of US$2,689,782 (full amount).

Based on Minutes No. BA-1211/AG.6/2009 of the Finance Department of the Republic of Indonesia Directorate General of Budget - Directorate Non Tax State Revenue dated October 23, 2009, and the letter of the Minister of Energy and Mineral Resources to the Minister of Finance No. 3908/12/MEM.M/2009 dated August 21, 2009, the marketing fees for 2008 of US$155,605,689 (full amount), include Value Added Tax (VAT) of US$14,145,972 (full amount) and withholding income tax Article 23 of US$2,829,194 (full amount).

The amounts of such marketing fees have been based on verification results of representatives from the Company, the Ministry of Finance, the Ministry of Energy and Mineral Resources and BPMIGAS. Based on the Minister of Finance's letter dated December 2, 2009, the 2008 and 2007 marketing fees are considered temporary; final amounts are to be determined based on the audit by a designated authorized party.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PIUTANG DARI PEMERINTAH (lanjutan)

6. DUE FROM THE GOVERNMENT (continued)

d. Piutang atas penggantian biaya subsidi LPG tabung 3 kg

d. Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders

Mutasi piutang atas penggantian biaya subsidi LPG adalah sebagai berikut:

The movements of LPG costs reimbursement are as follows:

	2009	2008	
Saldo awal	150.355	149.934	*Beginning balance*
Ditambah:			*Add:*
Penggantian biaya subsidi LPG tahun berjalan (Catatan 26)	7.780.783	3.833.968	*LPG costs subsidy reimbursement for the current year (Note 26)*
Dikurangi:			*Less:*
Piutang diperhitungkan dengan kewajiban kepada Pemerintah:			*Offset of receivable amount against balances due to the Government:*
Nilai lawan terhutang kepada Pemerintah (Catatan 15a)	(6.054.715)	(3.707.838)	*Conversion account amounts due to the Government (Note 15a)*
Uang muka dividen (Catatan 23)	(905.579)	-	*Dividend advances (Note 23)*
Hutang dari kelebihan penggantian biaya subsidi jenis BBM tetentu	(400.466)	(125.709)	*Payable for excess reimbursement of costs subsidiy for certain fuel (BBM) produsts*
Saldo akhir	**570.378**	**150.355**	***Ending balance***

Berdasarkan Surat Keputusan Menteri Energi dan Sumber Daya Mineral No. 01.K/10/ DJM.S/2009 tanggal 5 Januari 2009 yang berlaku surut sejak tanggal 1 Januari 2009 sampai dengan tanggal 31 Desember 2009 dan Surat Keputusan Direktur Jenderal Minyak dan Gas Bumi No. 13767.K/ 10/DJM/2008 tanggal 8 Agustus 2008 yang berlaku surut sejak tanggal 1 Januari 2008 sampai dengan 31 Desember 2008, Perusahaan berhak atas subsidi untuk penyediaan dan pendistribusian LPG tabung 3 kg. Jumlah subsidi dihitung berdasarkan selisih harga *Contract Price* LPG Aramco ditambah biaya distribusi dan margin (Alfa) dengan harga jual eceran LPG tabung 3 kg (tidak termasuk pajak pertambahan nilai (PPN) dan margin agen).

Based on the Minister of Energy and Mineral Resources Decision Letter No. 01.K/10/ DJM.S/2009 dated January 5, 2009 which applies retrospectively from January 1, 2009 until December 31, 2009 and the Directorate General Crude Oil and Natural Gas Decision Letter No. 13767.K/10/DJM/2008 dated August 8, 2008 which applies retrospectively from January 1, 2008 until December 31, 2008, the Company is entitled to a subsidy for the procurement and distribution of LPG 3 kg cylinders. The subsidy amount is based on the difference between the Aramco LPG Contract Price plus distribution costs and margin (Alpha) and retail sales price of LPG 3 kg cylinders (excluding related value added tax and agents' margins).

Piutang Perusahaan atas penggantian biaya subsidi LPG pada tanggal 31 Desember 2009 dan 2008 adalah berdasarkan hasil verifikasi perhitungan biaya subsidi LPG tahun 2009 dan 2008 oleh perwakilan dari Kementerian Keuangan dan Perusahaan, sebagaimana tercatat dalam berita acara hasil verifikasi tersebut masing-masing tanggal 9 Februari 2010 dan 21 Januari 2009.

The Company's receivables for reimbursement of LPG costs subsidy as of December 31, 2009 and 2008 are based on the results of verification of the LPG costs subsidy calculations for 2009 and 2008 by representatives of the Ministry of Finance and the Company, as documented in the minutes covering such verification dated February 9, 2010 and January 21, 2009, respectively.

e. Lebih bayar pajak penghasilan dari kegiatan *Technical Assistance Contract* (TAC) Elnusa Tristar Ramba Ltd., British Virgin Islands

e. Overpayment of income tax involving Elnusa Tristar Ramba Ltd., British Virgin Islands Technical Assistance Contract (TAC) activities

Piutang dari Pemerintah berkaitan dengan pajak penghasilan dari kegiatan Technical Assistance Contract (TAC) Elnusa Tristar Ramba Ltd., British Virgin Islands merupakan kelebihan pembayaran kepada Pemerintah atas hutang pajak terkait.

Due from the Government related to income tax involving Elnusa Tristar Ramba Ltd., British Virgin Islands Technical Assistance Contract (TAC) activities is an overpayment to the Government of the related tax payable.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PIUTANG DARI PEMERINTAH (lanjutan)

6. DUE FROM THE GOVERNMENT (continued)

f. Piutang PT Pertamina EP

f. PT Pertamina EP's receivables

	2009	2008	
DMO fees:			*DMO fees:*
Saldo awal			*Beginning balance*
2008: USD863.251.896 - nilai penuh	-	8.130.969	*2008: US$863,251,896 - full amount*
2009: USD704.111.187 - nilai penuh	7.710.017	-	*2009: US$704,111,187 - full amount*
Penambahan tahun berjalan			*Addition during the year*
2008: USD700.237.704 - nilai penuh	-	7.667.604	*2008: US$700,237,704 - full amount*
2009: USD489.842.931 - nilai penuh	4.604.523	-	*2009: US$489,842,931 - full amount*
Offset piutang DMO fees dengan kewajiban Perusahaan dan PT Pertamina EP kepada Pemerintah			*Company's and PT Pertamina EP's obligations to the Government*
2008: USD859.378.412 - nilai penuh	-	(9.410.194)	*2008: US$859,378,412 - full amount*
2009: USD1.032.186.218 - nilai penuh	(9.702.549)	-	*2009: US$1,032,186,218 - full amount*
Selisih kurs	(1.091.372)	1.321.638	*Foreign exchange difference*
Saldo akhir *DMO fees*			*Ending balance DMO fees*
2008: USD704.111.187 - nilai penuh	-	7.710.017	*2008: US$704,111,187 - full amount*
2009: USD161.767.900 - nilai penuh	1.520.619	-	*2009: US$161,767,900 - full amount*
Piutang *underlifting*			*Underlifting receivable*
2008: USD123.743.034 - nilai penuh	-	1.354.986	*2008: US$123,743,034 - full amount*
2009: USD142.859.138 - nilai penuh	1.342.876	-	*2009: US$142,859,138 - full amount*
Kelebihan pembayaran oleh PT Pertamina EP kepada BPMIGAS atas pembelian minyak mentah Wakamuk - USD10.717.143 - nilai penuh	100.741	117.353	*Overpayment by PT Pertamina EP to BPMIGAS for purchase of Wakamuk crude oil - US$10,717,143 - full amount*
Overlifting North Sumatera Crude (NSC) oleh BPMIGAS			*Overlifting of North Sumatera Crude (NSC) by BPMIGAS*
2009: USD6.008.324 - nilai penuh	56.478	-	*2009: US$6,008,324 - full amount*
Jumlah			***Total***
2009: USD321.352.504 - nilai penuh	**3.020.714**	**-**	***2009: US$321,352,504 - full amount***
2008: USD838.571.364 - nilai penuh	**-**	**9.182.356**	***2008: US$838,571,364 - full amount***

Domestic Market Obligation (DMO) *fees* merupakan tagihan kepada Pemerintah sehubungan dengan kewajiban PT Pertamina EP dalam menyediakan minyak mentah untuk memenuhi kebutuhan pasar dalam negeri untuk produk minyak sesuai KKS PT Pertamina EP (Catatan 40 dan 42).

Domestic Market Obligation (DMO) fees represent amounts due from the Government in relation to PT Pertamina EP's obligation to supply crude oil to meet the domestic market demand for fuel products in accordance with PT Pertamina EP's PSC (Notes 40 and 42).

Piutang *underlifting* merupakan piutang Perusahaan dari BPMIGAS karena volume *lifting* minyak mentah dan gas bumi yang dilakukan oleh BPMIGAS melebihi dari *entitlement* pada tahun yang bersangkutan.

Underlifting receivable represents the Company's receivable from BPMIGAS as a result of BPMIGAS lifting higher crude oil and gas volumes than its entitlement for the respective year.

(Expressed in millions of Rupiah,
unless otherwise stated)

7. PERSEDIAAN / *7. INVENTORIES*

	2009	2008	
Minyak mentah:			*Crude oil:*
Produksi dalam negeri	10.247.599	6.324.375	*Domestic production*
Impor	6.201.636	6.259.497	*Imported*
Sub jumlah minyak mentah	16.449.235	12.583.872	*Sub total for crude oil*
Hasil minyak:			*Oil products:*
Minyak solar	8.784.263	12.496.146	*Automotive diesel oil (ADO)*
Bensin premium	5.251.563	3.452.470	*Premium gasoline*
Minyak dalam proses produksi	3.118.387	2.824.390	*Products in process of production*
Minyak tanah	2.694.135	4.820.120	*Kerosene*
Minyak bakar	1.661.729	1.874.459	*Industrial/Marine fuel oil (IFO/MFO)*
Avtur dan Avigas	1.364.953	1.369.245	*Avtur and Avigas*
Pertamax, Pertamax Plus *(gasoline)* dan Pertadex (minyak diesel)	379.226	296.008	*Pertamax, Pertamax Plus (gasoline) and Pertadex (diesel oil)*
Minyak diesel industri	346.070	894.103	*Industrial diesel oil (IDO)*
LPG, petrokimia, pelumas dan lainnya	9.969.418	7.199.468	*LPG, petrochemicals, lubricants and others*
Sub jumlah hasil minyak	33.569.744	35.226.409	*Sub total for oil products*
Sub jumlah minyak mentah dan hasil minyak	50.018.979	47.810.281	*Sub total for crude oil and oil products*
Dikurangi:			*Less:*
Penyisihan penurunan nilai persediaan			*Allowance for decline in value of inventories*
Minyak mentah	-	(2.720.974)	*Crude oil*
Hasil minyak	(147.342)	(7.357.902)	*Oil Products*
Sub jumlah penyisihan penurunan nilai persediaan	(147.342)	(10.078.876)	*Sub total for allowance for decline in value of*
	49.871.637	37.731.405	
Material	2.519.150	2.280.429	*Materials*
Jumlah	**52.390.787**	**40.011.834**	***Total***

a. Mutasi penyisihan penurunan nilai persediaan adalah sebagai berikut:

a. Movements in the allowance for decline in value of inventories are as follows:

	2009	2008	
Saldo awal	(10.078.876)	(2.070.604)	*Beginning balance*
Pembalikan/(penyisihan) selama tahun berjalan - bersih	9.931.534	(8.008.272)	*Reversal of allowance/(allowance) during the year - net*
Saldo akhir	**(147.342)**	**(10.078.876)**	***Ending balance***

(Expressed in millions of Rupiah,
unless otherwise stated)

7. PERSEDIAAN (lanjutan)

Manajemen berkeyakinan bahwa penyisihan penurunan nilai persediaan telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari penurunan nilai realisasi persediaan minyak mentah dan hasil minyak.

Berdasarkan hasil penelaahan terhadap kondisi fisik dari persediaan material pada akhir tahun, manajemen berkeyakinan bahwa tidak diperlukan adanya penyisihan untuk penurunan nilai persediaan material.

Pada tanggal 31 Desember 2009 dan 2008, persediaan telah diasuransikan terhadap risiko kebakaran dan risiko lainnya (Catatan 9). Manajemen berkeyakinan bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian yang dapat timbul terkait dengan persediaan yang diasuransikan.

7. INVENTORIES (continued)

Management believes that the allowance for decline in value of inventories is adequate to cover possible losses that may arise from the decline in realizable value of crude oil and oil product inventories.

Based on the review of the physical condition of materials inventories at the end of the year, management believes that no allowance for decline in value of materials inventories is required.

As of December 31, 2009 and 2008, inventories are insured against fire and other risks (Note 9). Management believes that the insurance coverage amount is adequate to cover any possible losses that may arise in relation to the insured inventories.

8. INVESTASI JANGKA PANJANG

8. LONG-TERM INVESTMENTS

	2009	2008	
Investasi dalam *Medium Term Notes*	4.000.000	5.000.000	*Investments in Medium Term Notes*
Investasi dalam saham	2.103.049	2.049.011	*Investments in shares of stock*
Properti investasi	1.674.220	1.715.770	*Investment property*
Investasi keuangan lainnya	447.231	511.887	*Investments in other financial assets*
Jumlah	**8.224.500**	**9.276.668**	***Total***
Bagian lancar	**(1.000.000)**	**(1.000.000)**	***Current portion***
Bagian tidak lancar - bersih	**7.224.500**	**8.276.668**	***Non-current portion - net***

8. INVESTASI JANGKA PANJANG (lanjutan)

(i) Investasi dalam *Medium Term Notes (MTN)*

Investasi dalam MTN merupakan investasi yang berasal dari restrukturisasi bagian hutang PLN kepada Perusahaan. Berdasarkan Perubahan dan Pernyataan Kembali Perjanjian Restrukturisasi Hutang, pada tanggal 15 Desember 2008, PLN menerbitkan MTN sejumlah Rp5.000.000 kepada Perusahaan yang terbagi dalam 10 seri sertifikat Jumbo masing-masing dengan nilai nominal Rp500.000 dan akan jatuh tempo setiap enam bulan, yaitu setiap tanggal 15 Juni dan 15 Desember terhitung sejak tanggal 15 Juni 2009 sampai dengan tanggal 15 Desember 2013.

MTN tersebut dikenakan bunga sebesar suku bunga Sertifikat Bank Indonesia (SBI) tiga bulan ditambah 2,5% per tahun, efektif sejak tanggal 15 Desember 2008 sampai dengan tanggal 15 Desember 2013. Pada tahun 2008 Perusahaan menerima pendapatan bunga sebesar Rp1.457.232 atas saldo keterlambatan pembayaran hutang sebelum Perjanjian Restrukturisasi Hutang sebesar Rp7.918.126 telah dicatat pada laporan laba rugi konsolidasian tahun 2008.

Pendapatan bunga atas surat hutang dan MTN untuk tahun 2009 dan 2008 sebesar Rp566.553 dan Rp236.300 dicatat dalam laporan laba rugi konsolidasian tahun berjalan (Catatan 35).

Manajemen berkeyakinan bahwa tidak ada penurunan nilai MTN, sehingga tidak diperlukan adanya penyisihan penurunan nilai.

8. LONG-TERM INVESTMENTS (continued)

(i) Investments in Medium Term Notes (MTNs)

The investment in MTNs represents the investment arising from the restructuring of a portion of PLN's debt to the Company. Based on the Amendment and Restatement of Debt Restructuring Agreement, on December 15, 2008, PLN issued Medium Term Notes (MTNs) of Rp5,000,000 to the Company divided into 10 series of Jumbo certificates with a nominal value of Rp500,000 each and which mature on a six monthly basis, i.e., on June 15 and December 15 commencing from June 15, 2009 until December 15, 2013.

Such MTNs bear interest at the rate of three month Bank Indonesia Certificates (SBI) plus 2.5% per annum, effective from December 15, 2008 through December 15, 2013. In 2008, the Company received interest income amounting to Rp1,457,232 on late payment of debts outstanding prior to the Debt Restructuring Agreement of Rp7,918,126 which has been recorded in the consolidated statement of income in 2008.

Interest income from promissory notes and MTNs in 2009 and 2008 amounting to Rp566,553 and Rp236,300 has been recorded in the current year's consolidated statement of income (Note 35).

Management believes that there is no decline in value of MTNs, and therefore no allowance for declinine in value of MTN's is required.

(Expressed in millions of Rupiah, unless otherwise stated)

8. INVESTASI JANGKA PANJANG (lanjutan)

8. LONG-TERM INVESTMENTS (continued)

(ii) Investasi dalam saham

(ii) Investments in shares of stock

Perubahan investasi dalam saham adalah sebagai berikut:

The movements of investments in shares of stock are as follows:

2009

	Persentase kepemilikan/ *Percentage of ownership* 31 Desember/ *December 31,* 2008	2009	Saldo 31 Des. 2008/ *Balance Dec. 31, 2008*	Penyesuaian atas investasi yang dilakukan selama tahun berjalan/ *Adjustment for investments made during the year*	Nilai aset bersih dialihkan (dari)/ke perusahaan asosiasi, pelepasan dan lain-lain/ *Net asset transfers (from)/to associated companies, disposals and others*	Bagian laba/(rugi) bersih/ *Share of net income/ (loss)*	Dividen/ *Dividends*	Selisih transaksi perubahan ekuitas perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo 31 Des. 2009/ *Balance Dec. 31, 2009*
Perusahaan:/*the Company:*										
<u>Metode Ekuitas/*Equity Method*</u>										
PT Elnusa Tbk	41,1%	41,1%	663.355	-	-	191.642	(70.177)	140	-	784.960
Pacific Petroleum Trading Co.	50%	50%	429.055	-	-	3.097	(6.481)	-	(69.364)	356.307
Korea Indonesian Petroleum Co.	45%	45%	180.921	-	-	(4.262)	-	-	(25.201)	151.458
PT Patra Supplies Service	50%	50%	11.790	-	-	2.347	-	-	-	14.137
Nusantara Gas Service Co.	49%	49%	15.627	-	-	170	-	-	(2.531)	13.266
PT Permiko Engineering and Construction	36%	36%	3.572	-	(3.572)	-	-	-	-	-
PT Nippon Steel Construction Indonesia	20%	20%	-	-	-	-	-	-	-	-
PT Purna Bina Indonesia	22,3%	22,3%	-	-	-	-	-	-	-	-
Jumlah - metode ekuitas/ *Total - equity method*			1.304.320	-	(3.572)	192.994	(76.658)	140	(97.096)	1.320.128
<u>Metode Biaya/*Cost Method*</u>										
PT Seamless Pipe Indonesia Jaya	10,4%	10,4%	228.579	-	-	-	-	-	-	228.579
PT Pertamit Processing	20%	20%	21.830	-	-	-	-	-	-	21.830
PT Badak NGL	55%	55%	1.260	-	-	-	-	-	-	1.260
PT Karuna	8,8%	8,8%	1.134	-	-	-	-	-	-	1.134
PT Arun NGL	55%	55%	927	-	-	-	-	-	-	927
PT Trans Pacific Petrochemical Indotama	15%	15%	516	-	-	-	-	-	-	516
PT Patra Dok Dumai *)	-	100%	-	11.354	(5.214)	(6.140)	-	-	-	-
Jumlah - metode biaya/ *Total - cost method*			254.246	11.354	(5.214)	(6.140)	-	-	-	254.246
Jumlah - Perusahaan/ *Total - The Company*			1.558.566	11.354	(8.786)	186.854	(76.658)	140	(97.096)	1.574.374

(Expressed in millions of Rupiah, unless otherwise stated)

8. INVESTASI JANGKA PANJANG (lanjutan) / *8. LONG-TERM INVESTMENTS (continued)*

(ii) Investasi dalam saham (lanjutan) / *(ii) Investments in shares of stock (continued)*

Perubahan investasi dalam saham adalah sebagai berikut: (lanjutan)

The movements of investments in shares of stock are as follows: (continued)

	2009									
	Persentase kepemilikan/ *Percentage of ownership* 31 Desember/ *December 31,* 2008	2009	Saldo 31 Des. 2008/ *Balance Dec. 31, 2008*	Penyesuaian atas investasi yang dilakukan selama tahun berjalan/ *Adjustment for investments made during the year*	Nilai aset bersih dialihkan (dari)/ke perusahaan asosiasi, pelepasan dan lain-lain/ *Net asset transfers (from)/to associated companies, disposals and others*	Bagian laba/(rugi) bersih/ *Share of net income/ (loss)*	Dividen/ *Dividends*	Selisih transaksi perubahan ekuitas perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo 31 Des. 2009/ *Balance Dec. 31, 2009*
Penyertaan saham tidak langsung pada perusahaan asosiasi/ *Indirect investments in shares of associated companies*										
Metode Ekuitas/*Equity Method*										
PT Patra SK	34,9%	34,9%	279.607	-	-	40.953	-	-	-	320.560
PT Donggi Senoro LNG	29%	29%	98.373	-	-	(3.584)	-	-	(14.392)	80.397
PT Tugu Reasuransi Indonesia	21,4%	21,4%	27.705	-	-	3.606	(853)	-	-	30.458
PT Asuransi Samsung Tugu	19,5%	19,5%	20.614	-	-	2.938	-	2.167	-	25.719
PT Yekapepe Usaha Nusa	38%	38%	1.300	-	-	-	-	-	-	1.300
PT Yekapepe Intigraha	38%	38%	140	-	-	-	-	-	-	140
PT Perjahl Leasing Indonesia	64,9%	-	9.955	-	(9.955)	-	-	-	-	-
PT Yekapepe Usaco	71,3%	-	150	-	(150)	-	-	-	-	-
Jumlah - metode ekuitas/ *Total - equity method*			437.844	-	(10.105)	43.913	(853)	2.167	(14.392)	458.574
Metode Biaya/*Cost Method*										
PT Asuransi Jiwa Tugu Mandiri	6,5%	11,1%	36.000	17.500	-	-	-	-	-	53.500
PT Trans Javagas Pipeline	10%	10%	9.198	-	-	-	-	-	-	9.198
PT Asuransi Maipark Indonesia	7,4%	7,4%	5.100	-	-	-	-	-	-	5.100
PT Staco Jasapratama Indonesia	9,2%	6,4%	1.733	-	-	-	-	-	-	1.733
PT Karya Bhakti Metal Asri	9,5%	9,5%	150	-	-	-	-	-	-	150
PT Elnusa Rekabina**)	98,8%	98,8%	147	-	-	-	-	-	-	147
PT Elnusa Pan Pacifik	3,3%	3,3%	115	-	-	-	-	-	-	115
PT Patra Bumi Lerep Permai	20%	20%	96	-	-	-	-	-	-	96
PT Nippon Steel Construction Indonesia	10%	10%	62	-	-	-	-	-	-	62
Jumlah - metode biaya/ *Total - cost method*			52.601	17.500	-	-	-	-	-	70.101
Jumlah - perusahaan asosiasi/ *Total - associated companies*			**490.445**	**17.500**	**(10.105)**	**43.913**	**(853)**	**2.167**	**(14.392)**	**528.675**
Jumlah investasi dalam saham - Konsolidasian/*Total investments in shares of stock - Consolidated*			**2.049.011**	**28.854**	**(18.891)**	**230.767**	**(77.511)**	**2.307**	**(111.488)**	**2.103.049**

(Expressed in millions of Rupiah,
unless otherwise stated)

8. INVESTASI JANGKA PANJANG (lanjutan) / *8. LONG-TERM INVESTMENTS (continued)*

(ii) Investasi dalam saham (lanjutan) / *(ii) Investments in shares of stock (continued)*

Perubahan investasi dalam saham adalah sebagai berikut: (lanjutan)

The movements of investments in shares of stock are as follows: (continued)

2008

	Persentase kepemilikan/ *Percentage of ownership* 31 Desember/ *December 31,* 2007	2008	Saldo 31 Des. 2007 disajikan kembali/ *Balance Dec. 31, 2007 As restated*	Penyesuaian atas investasi yang dilakukan selama tahun berjalan/ *Adjustment for investments made during the year*	Nilai aset bersih dialihkan (dari)/ke perusahaan asosiasi, pelepasan dan lain-lain/ *Net asset transfers (from)/to associated companies, disposals and others*	Bagian laba/(rugi) bersih/ *Share of net income/ (loss)*	Dividen/ *Dividends*	Selisih transaksi perubahan ekuitas perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo 31 Des. 2008/ *Balance Dec. 31, 2008*
Perusahaan:/*the Company:*										
Metode Ekuitas/*Equity Method*										
PT Elnusa Tbk	51,3%	41,1%	-	476.921	133.227	68.353	(8.220)	(6.926)	-	663.355
Pacific Petroleum Trading Co.	50%	50%	310.670	-	(7.730)	(5.169)	(9.000)	-	140.284	429.055
Korea Indonesian Petroleum Co.	45%	45%	138.304	-	953	33.960	(19.234)	-	26.938	180.921
Nusantara Gas Service Co.	49%	49%	10.666	-	-	47	-	-	4.914	15.627
PT Patra Supplies Service	50%	50%	11.127	-	-	663	-	-	-	11.790
PT Permiko Engineering and Construction	36%	36%	3.594	-	-	68	(90)	-	-	3.572
PT Tugu Pratama Indonesia	45%	65%	570.259	(570.259)	-	-	-	-	-	-
PT Nippon Steel Construction Indonesia	20%	20%	4.642	-	(41)	(2.987)	(100)	-	(1.514)	-
PT Purna Bina Indonesia	22,3%	22,3%	-	-	-	-	-	-	-	-
Jumlah - metode ekuitas/ *Total - equity method*			1.049.262	(93.338)	126.409	94.935	(36.644)	(6.926)	170.622	1.304.320
Metode Biaya/*Cost Method*										
PT Seamless Pipe Indonesia Jaya	13,5%	10,4%	228.579	-	-	-	-	-	-	228.579
PT Pertamit Processing	-	20%	-	21.830	-	-	-	-	-	21.830
PT Badak NGL	55%	55%	1.260	-	-	-	-	-	-	1.260
PT Karuna	8,8%	8,8%	1.134	-	-	-	-	-	-	1.134
PT Arun NGL	55%	55%	927	-	-	-	-	-	-	927
PT Trans Pacific Petrochemical Indotama	15%	15%	516	-	-	-	-	-	-	516
Jumlah - metode biaya/ *Total - cost method*			232.416	21.830	-	-	-	-	-	254.246
Jumlah - Perusahaan/ *Total - The Company*			**1.281.678**	**(71.508)**	**126.409**	**94.935**	**(36.644)**	**(6.926)**	**170.622**	**1.558.566**

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

8. INVESTASI JANGKA PANJANG (lanjutan) / *8. LONG-TERM INVESTMENTS (continued)*

(ii) Investasi dalam saham (lanjutan) / *(ii) Investments in shares of stock (continued)*

Perubahan investasi dalam saham adalah sebagai berikut: (lanjutan)

The movements of investments in shares of stock are as follows: (continued)

2008

	Persentase kepemilikan/ *Percentage of ownership* 31 Desember/ *December 31,* 2007	2008	Saldo 31 Des. 2007 disajikan kembali/ *Balance Dec. 31, 2007 As restated*	Penyesuaian atas investasi yang dilakukan selama tahun berjalan/ *Adjustment for investments made during the year*	Nilai aset bersih dialihkan (dari)/ke perusahaan asosiasi, pelepasan dan lain-lain/ *Net asset transfers (from)/to associated companies, disposals and others*	Bagian laba/(rugi) bersih/ *Share of net income/ (loss)*	Dividen/ *Dividends*	Selisih transaksi perubahan ekuitas perusahaan asosiasi/ *Differences arising from transactions resulting in changes in the equity of associated companies*	Selisih kurs karena penjabaran laporan keuangan dalam mata uang asing/ *Differences arising from translation of foreign currency financial statements*	Saldo 31 Des. 2008/ *Balance Dec. 31, 2008*
Penyertaan saham tidak langsung pada perusahaan asosiasi/ *Indirect investments in shares of associated companies*										
Metode Ekuitas/*Equity Method*										
PT Patra SK	34,4%	34,9%	234.109	-	-	45.498	-	-	-	279.607
PT Donggi Senoro LNG	-	29%	-	98.373	-	-	-	-	-	98.373
PT Tugu Reasuransi Indonesia	-	21,4%	-	25.810	-	1.895	-	-	-	27.705
PT Asuransi Samsung Tugu	-	19,5%	-	18.008	-	2.606	-	-	-	20.614
PT Perjahl Leasing Indonesia	-	64,9%	-	9.955	-	-	-	-	-	9.955
PT Yekapepe Usaha Nusa	38%	38%	1.300	-	-	-	-	-	-	1.300
PT Yekapepe Usaco	71,3%	71,3%	150	-	-	-	-	-	-	150
PT Yekapepe Intigraha	38%	38%	140	-	-	-	-	-	-	140
PT Infomedia Nusantara	25,2%	-	128.357	(128.357)	-	-	-	-	-	-
PT Patra Telekomunikasi Indonesia	20,6%	-	32.892	(32.892)	-	-	-	-	-	-
PT Bredero Shaw Indonesia	23,8%	-	21.521	-	(21.521)	-	-	-	-	-
PT Jabar Telematika	25,2%	-	118	(118)	-	-	-	-	-	-
PT Jabar Energi	25,2%	-	83	(83)	-	-	-	-	-	-
Jumlah - metode ekuitas/ *Total - equity method*			418.670	(9.304)	(21.521)	49.999	-	-	-	437.844
Metode Biaya/*Cost Method*										
PT Asuransi Jiwa Tugu Mandiri	-	6,5%	-	36.000	-	-	-	-	-	36.000
PT Trans Javagas Pipeline	10%	10%	9.198	-	-	-	-	-	-	9.198
PT Asuransi Maipark Indonesia	-	7,4%	-	5.100	-	-	-	-	-	5.100
PT Staco Jasapratama Indonesia	-	9,2%	-	1.733	-	-	-	-	-	1.733
PT Karya Bhakti Metal Asri	9,5%	9,5%	150	-	-	-	-	-	-	150
PT Elnusa Rekabina*)	96%	98,8%	147	-	-	-	-	-	-	147
PT Elnusa Pan Pacifik	9,5%	3,3%	115	-	-	-	-	-	-	115
PT Patra Bumi Lerep Permai	-	20%	-	96	-	-	-	-	-	96
PT Nippon Steel Construction Indonesia	10%	10%	62	-	-	-	-	-	-	62
PT Petroleum Lima	10,3%	-	500	(500)	-	-	-	-	-	-
PT Elnusa Prima Elektrika	3,8%	-	23	(23)	-	-	-	-	-	-
Jumlah - metode biaya/ *Total - cost method*			10.195	42.406	-	-	-	-	-	52.601
Jumlah - perusahaan asosiasi/ *Total - associated companies*			428.865	33.102	(21.521)	49.999	-	-	-	490.445
Jumlah investasi dalam saham - Konsolidasian/*Total investments in shares of stock - Consolidated*			1.710.543	(38.406)	104.888	144.934	(36.644)	(6.926)	170.622	2.049.011

*) perusahaan tidak aktif

**) inactive company*

(Expressed in millions of Rupiah,
unless otherwise stated)

8. INVESTASI JANGKA PANJANG (lanjutan)

(ii) Investasi dalam saham (lanjutan)

Perubahan investasi dalam saham adalah sebagai berikut: (lanjutan)

Berdasarkan penelaahan manajemen Perusahaan dan Anak Perusahaan, tidak terdapat kejadian-kejadian atau perubahan-perubahan keadaan yang mengindikasikan adanya penurunan nilai investasi dalam saham pada tanggal 31 Desember 2009 dan 2008.

(iii) Properti investasi

8. LONG-TERM INVESTMENTS (continued)

(ii) Investments in shares of stock (continued)

The movements of investments in shares of stock are as follows: (continued)

Based on the review of Company's and Subsidiaries' management, there were no events or changes in circumstances which indicated an impairment in the value of investments in shares of stock as of December 31, 2009 and 2008.

(iii) Investment property

2009

	Saldo awal 31 Des 2008/ *Beginning balance Dec. 31, 2008*	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi-fications*	Penjabaran/ *Translation*	Saldo akhir 31 Des 2009/ *Ending balance Dec. 31, 2009*	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	1.585.634	8.043	-	(16.128)	-	1.577.549	*Land and landrights*
Bangunan	222.409	99	(11.491)	(14.877)	-	196.140	*Buildings*
Jumlah biaya historis	1.808.043	8.142	(11.491)	(31.005)	-	1.773.689	*Total historical cost*
Akumulasi penyusutan							*Accumulated depreciation*
Bangunan	(92.273)	(14.086)	2.466	4.424	-	(99.469)	*Buildings*
Nilai buku bersih	**1.715.770**					**1.674.220**	***Net book value***

2008

	Saldo awal 31 Des 2007/ *Beginning balance Dec. 31, 2007*	Penambahan/ *Additions*)*	Pengurangan/ *Deductions*	Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi-fications*	Penjabaran/ *Translation*	Saldo akhir 31 Des 2008/ *Ending balance Dec. 31, 2008*	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	1.609.447	42.429	(1.918)	(64.324)	-	1.585.634	*Land and landrights*
Bangunan	164.739	57.347	-	323	-	222.409	*Buildings*
Jumlah biaya historis	1.774.186	99.776	(1.918)	(64.001)	-	1.808.043	*Total historical cost*
Akumulasi penyusutan							*Accumulated depreciation*
Bangunan	(37.249)	(55.024)	-	-	-	(92.273)	*Buildings*
Nilai buku bersih	**1.736.937**					**1.715.770**	***Net book value***

*) Penambahan termasuk nilai perolehan dan akumulasi penyusutan masing-masing sebesar Rp88.425 dan Rp19.791, yang mana merupakan selisih saldo awal properti investasi PT Tugu Pratama Indonesia yang sebelumnya dikonsolidasikan melalui kepemilikan tidak langsung pada Tugu Insurance Company Limited (Catatan 1b).

**) The additions include the acquisition cost and accumulated depreciation of Rp88,425 and Rp19,791, respectively, which represent the difference in the beginning balance of PT Tugu Pratama Indonesia's investment property which was previously consolidated through the indirect ownership of Tugu Insurance Company Limited (Note 1b).*

8. INVESTASI JANGKA PANJANG (lanjutan)

(iii) Properti investasi (lanjutan)

Penambahan pada akumulasi penyusutan tahun 2009 dan 2008 dalam kaitannya dengan properti investasi masing-masing adalah sebesar Rp14.086 dan Rp35.233 (Catatan 34).

Pada tanggal 31 Desember 2009 dan 2008, seluruh aset properti investasi kecuali, tanah, milik Perusahaan dan Anak Perusahaan, telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi (Catatan 9).

Nilai wajar dari properti investasi pada tanggal 31 Desember 2009 dan 2008 masing masing adalah sebesar Rp3.610.263 dan Rp3.836.009.

Pendapatan sewa dari properti investasi pada tahun 2009 dan 2008, masing-masing adalah sebesar Rp62.978 dan Rp48.942.

Berdasarkan penelaahan manajemen Perusahaan dan Anak Perusahaan, tidak terdapat kejadian-kejadian atau perubahan-perubahan keadaan yang mengindikasikan adanya penurunan nilai properti investasi pada tanggal 31 Desember 2009 dan 2008.

(iv) Investasi keuangan lainnya

Pada tanggal 31 Desember 2009 dan 2008, investasi keuangan lainnya merupakan investasi PT Tugu Pratama Indonesia, Anak Perusahaan, dalam bentuk obligasi yang dimiliki hingga jatuh tempo.

8. LONG-TERM INVESTMENTS (continued)

(iii) Investment property (continued)

The additions to accumulated depreciation for 2009 and 2008 in respect of such investment property amounted to Rp14,086 and Rp35,233, respectively (Note 34).

As of December 31, 2009 and 2008, all of the Company's and Subsidiaries' investment property, except land, is insured against fire and other possible risks (Note 9).

The fair value of investment property as of December 31, 2009 and 2008 amounted to Rp3,610,263 and Rp3,836,009, respectively.

Rental income from investment property recognized in 2009 and 2008 amounted to Rp62,978 and Rp48,942, respectively.

Based on the review of the Company's and Subsidiaries' management, there were no events or changes in circumstances which indicate an impairment in the value of investment property as of December 31, 2009 and 2008.

(iv) Investments in other financial assets

As of December 31, 2009 and 2008, investments in other financial assets represent investments owned by PT Tugu Pratama Indonesia, a Subsidiary, in bonds held-to-maturity.

(Expressed in millions of Rupiah, unless otherwise stated)

9. ASET TETAP

9. *FIXED ASSETS*

	2009						
	Saldo awal 31 Des. 2008/ *Beginning balance Dec. 31, 2008*	Penambahan/ *Additions* [a)]	Pengurangan/ *Deductions* [b)]	Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi- fications*	Penjabaran/ *Translation*	Saldo akhir 31 Des. 2009/ *Ending balance Dec. 31, 2009*	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	11.125.790	-	(584)	53.572	-	11.178.778	*Land and landrights*
Tangki, instalasi pipa, dan peralatan lainnya	26.623.616	616.629	(76.026)	1.823.145	-	28.987.364	*Tanks, pipeline installations and other equipment*
Kilang	24.442.314	288.572	(3.730)	516.310	-	25.243.466	*Refineries*
Bangunan	4.320.999	15.868	(26.950)	289.720	(6.673)	4.592.964	*Buildings*
Kapal laut dan pesawat terbang	4.149.251	548.746	(19.335)	61.605	-	4.740.267	*Ships and aircraft*
HBM bergerak	3.469.152	371.781	(46.792)	256.922	(2.893)	4.048.170	*Moveable assets*
Aset dalam penyelesaian	6.453.971	5.428.625	(384.470)	(2.961.182)	-	8.536.944	*Construction in progress*
	80.585.093	7.270.221	(557.887)	40.092	(9.566)	87.327.953	
Aset sewa pembiayaan:							*Finance lease assets:*
Kapal laut dan pesawat terbang	117.574	-	(422)	(61.605)	-	55.547	*Ships and aircraft*
HBM bergerak	1.008.134	58.079	-	(1.163)	-	1.065.050	*Moveable assets*
Tangki, instalasi pipa, dan peralatan lainnya	88.138	37.303	-	-	-	125.441	*Tanks, pipeline installations and other equipment*
	1.213.846	95.382	(422)	(62.768)	-	1.246.038	
Jumlah biaya historis	81.798.939	7.365.603	(558.309)	(22.676)	(9.566)	88.573.991	*Total historical cost*
Akumulasi penyusutan							*Accumulated depreciation*
Tanah dan hak atas tanah	(824)	(160)	-	-	-	(984)	*Land and landrights*
Tangki, instalasi pipa, dan peralatan lainnya	(12.388.039)	(1.687.934)	60.136	26.888	-	(13.988.949)	*Tanks, pipeline installations and other equipment*
Kilang	(6.575.679)	(1.126.850)	195	(160)	-	(7.702.494)	*Refineries*
Bangunan	(1.997.980)	(194.260)	15.584	(2.441)	4.392	(2.174.705)	*Buildings*
Kapal laut dan pesawat terbang	(2.089.813)	(694.739)	19.333	-	-	(2.765.219)	*Ships and aircraft*
HBM bergerak	(2.008.978)	(330.386)	28.951	21.808	2.167	(2.286.438)	*Moveable assets*
	(25.061.313)	(4.034.329)	124.199	46.095	6.559	(28.918.789)	
Aset sewa pembiayaan:							*Finance lease assets:*
Kapal laut dan pesawat terbang	(26.853)	(9.388)	-	27.909	-	(8.332)	*Ships and aircraft*
HBM bergerak	(216.865)	(89.578)	-	472	-	(305.971)	*Moveable assets*
Tangki, instalasi pipa, dan peralatan lainnya	(16.607)	(29.398)	-	-	-	(46.005)	*Tanks, pipeline installations and other equipment*
	(260.325)	(128.364)	-	28.381	-	(360.308)	
Jumlah akumulasi penyusutan	(25.321.638)	(4.162.693)	124.199	74.476	6.559	(29.279.097)	*Total accumulated depreciation*
Nilai buku bersih	**56.477.301**					**59.294.894**	***Net book value***

a) Penambahan termasuk penyajian kembali atas saldo awal akumulasi penyusutan PT Pelita Air Service sebesar Rp366.586.

b) Pengurangan termasuk nilai perolehan dan akumulasi penyusutan sebesar Rp937, yang merupakan saldo awal aset tetap PT Perta Insana, anak perusahaan PT Patra Niaga yang sebelumnya dikonsolidasikan (Catatan 1b).

a) The additions include restatement of the beginning balance of the accumulated depreciation of PT Pelita Air Service amounting to Rp366,586.

b) The deductions include acquisition cost and accumulated depreciation of Rp937, which represent the beginning balance of PT Perta Insana's fixed assets, a subsidiary of PT Patra Niaga, which was previously consolidated (Note 1b).

(Expressed in millions of Rupiah, unless otherwise stated)

9. ASET TETAP (lanjutan)

9. FIXED ASSETS (continued)

	2008						
	Saldo awal 31 Des. 2007 Disajikan Kembali/ *Beginning balance Dec. 31, 2007 As restated*	**Penambahan/ *Additions*[c]**	**Pengurangan/ *Deductions*[d]**	**Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi-fications***	**Penjabaran/ *Translation***	**Saldo akhir 31 Des. 2008/ *Ending balance Dec. 31, 2008***	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	11.401.444	290.730	(440.466)	(125.918)	-	11.125.790	*Land and landrights*
Tangki, instalasi pipa dan peralatan lainnya	25.778.428	394.216	(577.271)	1.028.243	-	26.623.616	*Tanks, pipeline installations and other equipment*
Kilang	24.344.676	6.456	-	91.182	-	24.442.314	*Refineries*
Bangunan	4.365.443	130.705	(233.218)	51.311	6.758	4.320.999	*Buildings*
Kapal laut dan pesawat terbang	2.812.622	123.158	(38.662)	1.252.133	-	4.149.251	*Ships and aircraft*
HBM bergerak	3.058.765	249.255	(53.422)	212.297	2.257	3.469.152	*Moveable assets*
Aset dalam penyelesaian	2.966.921	5.452.781	(192.509)	(1.773.222)	-	6.453.971	*Construction in progress*
	74.728.299	6.647.301	(1.535.548)	736.026	9.015	80.585.093	
Aset sewa pembiayaan:							*Finance lease assets:*
Kapal laut dan pesawat terbang	658.505	55.970	-	(596.901)	-	117.574	*Ships and aircraft*
HBM bergerak	930.875	85.803	(1.694)	(6.850)	-	1.008.134	*Moveable assets*
Tangki, instalasi pipa, dan peralatan lainnya	122.027	50.933	(84.822)	-	-	88.138	*Tanks, pipeline installations and other equipment*
	1.711.407	192.706	(86.516)	(603.751)	-	1.213.846	
Jumlah biaya historis	76.439.706	6.840.007	(1.622.064)	132.275	9.015	81.798.939	*Total historical cost*
Akumulasi penyusutan							*Accumulated depreciation*
Tanah dan hak atas tanah	(663)	(161)	-	-	-	(824)	*Land and landrights*
Tangki, instalasi pipa dan peralatan lainnya	(10.565.308)	(2.096.452)	282.343	(8.622)	-	(12.388.039)	*Tanks, pipeline installations and other equipment*
Kilang	(5.465.226)	(1.111.974)	-	1.521	-	(6.575.679)	*Refineries*
Bangunan	(1.664.763)	(333.056)	80.437	(75.934)	(4.664)	(1.997.980)	*Buildings*
Kapal laut dan pesawat terbang	(1.697.564)	(140.890)	35.000	(286.359)	-	(2.089.813)	*Ships and aircraft*
HBM bergerak	(1.693.483)	(404.543)	32.813	58.434	(2.199)	(2.008.978)	*Moveable assets*
	(21.087.007)	(4.087.076)	430.593	(310.960)	(6.863)	(25.061.313)	
Aset sewa pembiayaan:							*Finance lease assets:*
Kapal laut dan pesawat terbang	(177.600)	(2.332)	-	153.079	-	(26.853)	*Ships and aircraft*
HBM bergerak	(106.903)	(114.950)	914	4.074	-	(216.865)	*Moveable assets*
Tangki, instalasi pipa dan peralatan lainnya	(24.746)	(12.660)	20.799	-	-	(16.607)	*Tanks, pipeline installations and other equipment*
	(309.249)	(129.942)	21.713	157.153	-	(260.325)	
Jumlah akumulasi penyusutan	(21.396.256)	(4.217.018)	452.306	(153.807)	(6.863)	(25.321.638)	*Total accumulated depreciation*
Nilai buku bersih	**55.043.450**					**56.477.301**	***Net book value***

c) Penambahan termasuk selisih saldo awal aset tetap pada PT Tugu Pratama Indonesia yang sebelumnya dikonsolidasikan melalui kepemilikan tidak langsung pada Tugu Insurance Company Limited (Catatan 1b) dengan nilai perolehan dan akumulasi penyusutan masing-masing sebesar Rp133.730 dan Rp64.655; dan koreksi atas harga perolehan dan akumulasi penyusutan pada aset tetap PT Usayana dan Anak Perusahaan sebesar Rp274.102.

c) The additions include the differences in the beginning balance of PT Tugu Pratama Indonesia's fixed assets which were previously consolidated through the indirect ownership of Tugu Insurance Company Limited (Note 1b) involving acquisition cost and accumulated depreciation of Rp133,730 and Rp64,655, respectively; and the correction of acquisition cost and accumulated depreciation of PT Usayana and Subsidiaries' fixed assets amounting to Rp274,102.

d) Pengurangan termasuk nilai perolehan dan akumulasi penyusutan masing-masing sebesar Rp1.228.786 dan Rp392.601, yang merupakan saldo awal aset tetap PT Elnusa Tbk yang sebelumnya dikonsolidasikan (Catatan 1b).

d) The deductions include acquisition cost and accumulated depreciation of Rp1,228,786 and Rp392,601, respectively, which represent the beginning balance of PT Elnusa Tbk's fixed assets which were previously consolidated (Note 1b).

(Expressed in millions of Rupiah, unless otherwise stated)

9. ASET TETAP (lanjutan)

9. FIXED ASSETS (continued)

Beban penyusutan dialokasikan sebagai berikut:

The allocation of depreciation expense is as follows:

	2009	2008	
Beban pokok penjualan (Catatan 29)	2.328.014	2.345.225	*Cost of goods sold (Note 29)*
Beban usaha dari aktivitas lainnya (Catatan 32)	175.950	201.232	*Other operating activities expenses (Note 32)*
Beban penjualan dan pemasaran (Catatan 33)	736.066	766.942	*Selling and marketing expenses (Note 33)*
Beban umum dan administrasi (Catatan 34)	556.077	564.862	*General and administrative expenses (Note 34)*
Jumlah	**3.796.107**	**3.878.261**	***Total***

Pada tahun 2009 dan 2008, Perusahaan dan Anak Perusahaan memiliki beberapa bidang tanah yang terletak di berbagai lokasi di Indonesia dengan Hak Guna Bangunan (HGB) berkisar antara 20 - 30 tahun. Manajemen berpendapat bahwa sertifikat HGB tersebut dapat diperpanjang pada saat jatuh tempo.

In 2009 and 2008, the Company and Subsidiaries own parcels of land at various locations in Indonesia with Building Use Rights (HGB) ranging from 20 to 30 years. Management believes that the HGB certificates can be extended upon their expiration.

Pada tanggal 31 Desember 2009 dan 2008, persediaan dan aset tetap milik Perusahaan dan PT Pertamina EP serta aset panas bumi, kecuali tanah dan hak atas tanah, milik PT Pertamina Geothermal Energy telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi dengan jumlah pertanggungan masing-masing sebesar Rp269.363.855 (setara dengan USD28.655.729.218 - nilai penuh) dan Rp207.073.280 (setara dengan USD18.884.833.349 - nilai penuh).

As of December 31, 2009 and 2008, the Company's and PT Pertamina EP's inventories, fixed assets and PT Pertamina Geothermal Energy's geothermal properties, except land and landrights, are insured against fire and other possible risks for a total insurance coverage of Rp269,363,855 (equivalent to US$28,655,729,218 - full amount) and Rp207,073,280 (equivalent to US$18,884,833,349 - full amount), respectively.

Manajemen berkeyakinan bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian yang timbul terkait dengan aset yang diasuransikan.

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

Beberapa aset tetap digunakan sebagai jaminan atas pinjaman hutang jangka panjang Anak Perusahaan (Catatan 16).

Certain fixed assets are pledged as collateral for the Subsidiaries' long-term loans (Note 16).

Bunga dikapitalisasi sebagai bagian dari aset tetap masing-masing sebesar Rp100.143 dan Rp116.210 pada tahun 2009 dan 2008.

Interest capitalized as part of the fixed assets amounted to Rp100,143 and Rp116,210 in 2009 and 2008, respectively.

(Expressed in millions of Rupiah,
unless otherwise stated)

10. ASET MINYAK DAN GAS SERTA PANAS BUMI

10. OIL AND GAS, AND GEOTHERMAL PROPERTIES

2009

	Saldo awal 31 Des. 2008/ *Beginning balance Dec. 31, 2008*	Penambahan/ *Additions* [a]	Pengurangan/ *Deductions* [b]	Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi-fications*	Penjabaran/ *Translation*	Saldo akhir 31 Des. 2009/ *Ending balance Dec. 31, 2009*	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	39.935	-	-	-	-	39.935	*Land and landrights*
Sumur minyak dan gas	17.832.524	6.553.562	(638.969)	3.490.307	(988.257)	26.249.167	*Oil and gas wells*
Sumur panas bumi	340.067	-	-	242.020	-	582.087	*Geothermal wells*
Instalasi	8.904.513	895.425	(55.855)	371.940	(466.262)	9.649.761	*Installations*
Pabrik LPG	36.306	-	-	-	-	36.306	*LPG plants*
Bangunan	172.186	-	(1.413)	4.184	-	174.957	*Buildings*
HBM bergerak	456.596	51	(2.079)	58.711	(448)	512.831	*Moveable assets*
Sub jumlah	27.782.127	7.449.038	(698.316)	4.167.162	(1.454.967)	37.245.044	*Sub total*
Aset dalam penyelesaian	5.781.636	7.876.803	(600.974)	(4.177.494)	(61.280)	8.818.691	*Construction in progress*
Aset sewa pembiayaan:							*Finance lease assets:*
Instalasi	2.636.086	-	-	-	-	2.636.086	*Installations*
Pabrik LPG	401.203	-	-	-	-	401.203	*LPG plants*
Bangunan	494.983	-	-	-	-	494.983	*Buildings*
HBM bergerak	146.514	-	-	-	-	146.514	*Moveable assets*
Sub jumlah	3.678.786	-	-	-	-	3.678.786	*Sub total*
Jumlah biaya historis	37.242.549	15.325.841	(1.299.290)	(10.332)	(1.516.247)	49.742.521	*Total historical cost*
Akumulasi penyusutan, deplesi dan amortisasi							*Accumulated depreciation, depletion and amortization*
Sumur minyak dan gas	(5.918.895)	(2.740.461)	4.235	-	680.050	(7.975.071)	*Oil and gas wells*
Sumur panas bumi	(156.114)	(51.122)	-	-	-	(207.236)	*Geothermal wells*
Instalasi	(3.053.026)	(846.240)	-	-	299.557	(3.599.709)	*Installations*
Pabrik LPG	(4.538)	(10.067)	-	-	-	(14.605)	LPG plants
Bangunan	(16.805)	(8.259)	-	-	-	(25.064)	*Buildings*
HBM bergerak	(230.841)	(55.395)	-	-	199	(286.037)	*Moveable assets*
Sub jumlah	(9.380.219)	(3.711.544)	4.235		979.806	(12.107.722)	*Sub total*
Aset sewa pembiayaan:							*Finance lease assets:*
Instalasi	(1.657.259)	(155.880)	-	-	-	(1.813.139)	*Installations*
Pabrik LPG	(125.297)	(67.124)	-	-	-	(192.421)	*LPG plants*
Bangunan	(403.167)	(14.314)	-	-	-	(417.481)	*Buildings*
HBM bergerak	(79.026)	(10.745)	-	-	-	(89.771)	*Moveable assets*
Sub jumlah	(2.264.749)	(248.063)	-	-	-	(2.512.812)	*Sub total*
Jumlah akumulasi penyusutan, deplesi dan amortisasi	(11.644.968)	(3.959.607)	4.235	-	979.806	(14.620.534)	*Total accumulated depreciation, depletion and amortization*
Nilai buku bersih	**25.597.581**					**35.121.987**	***Net book value***

a) Penambahan termasuk akuisisi yang dilakukan oleh PT Perta Hulu Energi, Anak Perusahaan, selama tahun 2009 pada blok ONWJ dan ROC dengan nilai perolehan dan akumulasi deplesi masing masing sebesar Rp4.661.681 dan Rp1.273.794.

b) Pengurangan termasuk penurunan nilai atas wilayah kerja di Basker Manta Gummy (BMG) yang dimiliki oleh PT Pertamina Hulu Energi Australia Pty. Ltd., Anak Perusahaan, sebesar AUD66.298.933 (nilai penuh) atau setara dengan Rp568.000 akibat adanya penilaian kembali besarnya cadangan minyak di lapangan tersebut.

a) The additions include the impact of the acquisitions by PT Perta Hulu Energi, a Subsidiary during 2009, involving the ONWJ and ROC blocks involving an acquisition cost and accumulated depletion amounting to Rp4,661,681 and Rp1,273,794, respectively.

b) The deductions include the impairment of the Basker Manta Gummy (BMG) field ownership interest of PT Pertamina Hulu Energi Australia Pty. Ltd., a Subsidiary, amounting to AUD66,298,933 (full amount) or equivalent to Rp568,000 as a result of the re-evaluation of field reserves.

(Expressed in millions of Rupiah, unless otherwise stated)

10. ASET MINYAK DAN GAS SERTA PANAS BUMI (lanjutan)

10. OIL AND GAS, AND GEOTHERMAL PROPERTIES (continued)

	2008						
	Saldo awal 31 Des. 2007/ Disajikan Kembali/ *Beginning balance Dec. 31, 2007 As restated*	Penambahan/ *Additions[c])*	Pengurangan/ *Deductions*	Pengalihan/ Reklasifikasi/ *Transfers/ Reclassi-fications*	Penjabaran/ *Translation*	Saldo akhir 31 Des. 2008/ *Ending balance Dec. 31, 2008*	
Biaya historis:							*Historical cost:*
Tanah dan hak atas tanah	16.684	-	-	23.251	-	39.935	*Land and landrights*
Sumur minyak dan gas	10.424.753	1.252.853	(1.222.139)	6.647.147	729.910	17.832.524	*Oil and gas wells*
Sumur panas bumi	301.886	-	-	38.181	-	340.067	*Geothermal wells*
Instalasi	10.426.319	898.762	(29.811)	(2.754.895)	364.138	8.904.513	*Installations*
Pabrik LPG	-	36.306	-	-	-	36.306	*LPG plants*
Bangunan	149.767	-	-	22.419	-	172.186	*Buildings*
HBM bergerak	401.317	1.000	-	53.953	326	456.596	*Moveable assets*
Sub jumlah	21.720.726	2.188.921	(1.251.950)	4.030.056	1.094.374	27.782.127	*Sub total*
Aset dalam penyelesaian	4.568.601	5.552.658	(327.316)	(4.037.472)	25.165	5.781.636	*Construction in progress*
Aset sewa pembiayaan:							*Finance lease assets:*
Instalasi	2.636.086	-	-	-	-	2.636.086	*Installations*
Pabrik LPG	341.534	59.669	-	-	-	401.203	*LPG plants*
Bangunan	494.983	-	-	-	-	494.983	*Buildings*
HBM bergerak	146.514	-	-	-	-	146.514	*Moveable assets*
Sub jumlah	3.619.117	59.669	-	-	-	3.678.786	*Sub total*
Jumlah biaya historis	29.908.444	7.801.248	(1.579.266)	(7.416)	1.119.539	37.242.549	*Total historical cost*
Akumulasi penyusutan, deplesi dan amortisasi							*Accumulated depreciation, depletion and amortization*
Sumur minyak dan gas	(1.730.857)	(986.328)	-	(2.751.958)	(449.752)	(5.918.895)	*Oil and gas wells*
Sumur panas bumi	(116.987)	(39.127)	-	-	-	(156.114)	*Geothermal wells*
Instalasi	(4.723.008)	(815.757)	-	2.751.958	(266.219)	(3.053.026)	*Installations*
Pabrik LPG	-	(4.538)	-	-	-	(4.538)	*LPG plants*
Bangunan	(8.920)	(7.885)	-	-	-	(16.805)	*Buildings*
HBM bergerak	(157.257)	(73.486)	-	-	(98)	(230.841)	*Moveable assets*
Sub jumlah	(6.737.029)	(1.927.121)	-	-	(716.069)	(9.380.219)	*Sub total*
Aset sewa pembiayaan:							*Finance lease assets:*
Instalasi	(945.504)	(711.755)	-	-	-	(1.657.259)	*Installations*
Pabrik LPG	(61.157)	(64.140)	-	-	-	(125.297)	*LPG plants*
Bangunan	(234.539)	(168.628)	-	-	-	(403.167)	*Buildings*
HBM bergerak	(44.496)	(34.530)	-	-	-	(79.026)	*Moveable assets*
Sub jumlah	(1.285.696)	(979.053)	-	-	-	(2.264.749)	*Sub total*
Jumlah akumulasi penyusutan, deplesi dan amortisasi	(8.022.725)	(2.906.174)	-	-	(716.069)	(11.644.968)	*Total accumulated depreciation, depletion and amortization*
Nilai buku bersih	**21.885.719**					**25.597.581**	***Net book value***

c) Penambahan termasuk nilai perolehan dan akumulasi penyusutan masing-masing sebesar Rp637.386 dan Rp368.893, yang mana merupakan saldo awal aset minyak dan gas Anak Perusahaan PT Pertamina Hulu Energi, PT Pertamina Hulu Energi Tuban (sebelumnya PT Medco E&P Tuban), yang dikonsolidasikan sejak tahun 2008 (Catatan 1b).

c) The additions include the acquisition cost and accumulated depreciation of Rp637,386 and Rp368,893, respectively, which represent the beginning balance of oil and gas properties of a Subsidiary of PT Pertamina Hulu Energi, PT Pertamina Hulu Energi Tuban (formerly PT Medco E&P Tuban), which was consolidated starting in 2008 (Note 1b).

(Expressed in millions of Rupiah, unless otherwise stated)

10. ASET MINYAK DAN GAS SERTA PANAS BUMI (lanjutan)

10. OIL AND GAS, AND GEOTHERMAL PROPERTIES (continued)

Beban penyusutan, deplesi dan amortisasi dialokasikan sebagai berikut:

The allocation of depreciation, depletion and amortization expense is as follows:

	2009	2008	
Beban produksi hulu dan *liftings* (Catatan 30)	2.643.393	2.166.989	*Upstream production and lifting costs (Note 30)*
Beban umum dan administrasi (Catatan 34)	42.420	370.292	*General and administrative expenses (Note 34)*
Jumlah	**2.685.813**	**2.537.281**	***Total***

Pada tanggal 31 Desember 2009 dan 2008, seluruh aset minyak dan gas serta panas bumi, kecuali tanah dan hak atas tanah, milik Perusahaan, PT Pertamina EP dan PT Pertamina Geothermal Energy telah diasuransikan terhadap risiko kebakaran dan risiko lain yang mungkin terjadi (Catatan 9).

As of December 31, 2009 and 2008, all of the Company's, PT Pertamina EP's and PT Pertamina Geothermal Energy's oil and gas, and geothermal properties, except land and landrights, are insured against fire and other possible risks (Note 9).

Manajemen berkeyakinan bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian yang timbul terkait dengan aset minyak dan gas serta panas bumi yang diasuransikan.

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

Bunga dikapitalisasi sebagai bagian dari aset minyak dan gas serta panas bumi masing-masing sebesar Rp53.520 dan Rp11.224 pada tahun 2009 dan 2008.

Interest capitalized as part of the oil and gas, and geothermal properties amounted to Rp53,520 and Rp11,224 in 2009 and 2008, respectively.

11. ASET KONSESI

11. CONCESSION ASSETS

	2009				
	Saldo awal 31 Des. 2008/ *Beginning balance Dec. 31, 2008*	**Penambahan/ *Additions***	**Pengurangan/ *Deductions***	**Saldo akhir 31 Des. 2009/ *Ending balance Dec. 31, 2009***	
Nilai tercatat:					*Carrying value:*
Hak atas tanah	2.949.368	111.601	(10.369)	3.050.600	*Landrights*
Tangki, instalasi pipa, dan peralatan lainnya	4.247.512	994.438	(15.131)	5.226.819	*Tanks, pipeline installations, and other equipment*
Bangunan	4.699.694	252.256	(15.882)	4.936.068	*Buildings*
HBM bergerak	442.953	211.419	(476)	653.896	*Moveable assets*
Jumlah nilai tercatat	12.339.527	1.569.714	(41.858)	13.867.383	*Total carrying value*
Akumulasi penyusutan dan amortisasi					*Accumulated depreciation and amortization*
Hak atas tanah	(284.107)	(153.103)	1.728	(435.482)	*Landrights*
Tangki, instalasi pipa, dan peralatan lainnya	(613.895)	(451.226)	3.771	(1.061.350)	*Tanks, pipeline installations, and other equipment*
Bangunan	(488.231)	(285.935)	2.913	(771.253)	*Buildings*
HBM bergerak	(53.545)	(42.256)	136	(95.665)	*Moveable assets*
Jumlah akumulasi penyusutan dan amortisasi	(1.439.778)	(932.520)	8.548	(2.363.750)	*Total accumulated depreciation and amortization*
Nilai buku bersih	**10.899.749**			**11.503.633**	***Net book value***

(Expressed in millions of Rupiah, unless otherwise stated)

11. ASET KONSESI (lanjutan) / *11. CONCESSION ASSETS (continued)*

	2008				
	Saldo awal 31 Des. 2007/ disajikan kembali/ *Beginning balance Dec. 31, 2007 as restated*	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Saldo akhir 31 Des. 2008/ *Ending balance Dec. 31, 2008*	
Nilai tercatat:					*Carrying value:*
Hak atas tanah	2.378.510	570.858	-	2.949.368	*Landrights*
Tangki, instalasi pipa, dan peralatan lainnya	3.342.973	904.539	-	4.247.512	*Tanks, pipeline installations, and other equipment*
Bangunan	3.788.097	911.597	-	4.699.694	*Buildings*
HBM bergerak	166.838	276.115	-	442.953	*Moveable assets*
Jumlah nilai tercatat	9.676.418	2.663.109	-	12.339.527	*Total carrying value*
Akumulasi penyusutan dan amortisasi					*Accumulated depreciation and amortization*
Hak atas tanah	(134.792)	(149.315)	-	(284.107)	*Landrights*
Tangki, instalasi pipa, dan peralatan lainnya	(289.067)	(324.828)	-	(613.895)	*Tanks, pipeline installations, and other equipment*
Bangunan	(231.476)	(256.755)	-	(488.231)	*Buildings*
HBM bergerak	(19.200)	(34.345)	-	(53.545)	*Moveable assets*
Jumlah akumulasi penyusutan dan amortisasi	(674.535)	(765.243)	-	(1.439.778)	*Total accumulated depreciation and amortization*
Nilai buku bersih	**9.001.883**			**10.899.749**	***Net book value***

12. ASET LAIN-LAIN - BERSIH / *12. OTHER ASSETS - NET*

	2009	2008	
Tagihan pajak (Catatan 37a)			*Refundable tax (Note 37a)*
- Perusahaan	14.731.222	10.464.499	*the Company -*
- Anak Perusahaan	81.994	-	*- Subsidiaries -*
Piutang usaha - pihak yang mempunyai hubungan istimewa - bersih (Catatan 38)	1.183.031	1.358.643	*Trade receivables - related parties - net (Note 38)*
Piutang lain-lain - pihak yang mempunyai hubungan istimewa (Catatan 38)	1.897.820	1.111.355	*Other receivables - related parties (Note 38)*
PPN yang dapat ditagihkan kembali - bersih	711.719	679.710	*Reimburseable VAT - net*
Piutang atas pinjaman jangka panjang - PT Garuda Indonesia (Persero)	675.821	829.135	*Long-term loan receivables - PT Garuda Indonesia (Persero)*
Surat ketetapan pajak kurang bayar (SKPKB) - PPN tahun 2002 (Catatan 37g.7)	474.848	474.848	*Tax underpayment assessment - 2002 VAT (Note 37g.7)*
Piutang pegawai jangka panjang	292.536	298.382	*Long-term employee receivables*
Aset *Non-Free* dan *Non-Clear* - bersih	218.325	218.325	*Non-Free and Non-Clear assets - net*
Piutang usaha - PT Merpati Nusantara Airlines (Catatan 5)	212.665	212.665	*Trade receivables - PT Merpati Nusantara Airlines (Note 5)*
Beban yang ditangguhkan	173.300	267.401	*Deferred charges*
Dana yang dibatasi penggunaannya	133.893	104.414	*Restricted funds*
Aset tetap tidak terpakai - bersih	54.948	65.014	*Unused fixed assets - net*
Aset dari proyek Karaha Bodas Company LLC (Catatan 15c)	47.936	47.936	*Assets involving the Karaha Bodas Company LLC project (Note 15c)*
Perjanjian pembangunan dan pengalihan Gedung Kwarnas	25.600	28.000	*Build and transfer arrangement - Kwarnas Building*
Lain-lain	266.227	319.609	*Others*
Jumlah	**21.181.885**	**16.479.936**	***Total***

(Expressed in millions of Rupiah,
unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan)

a. PT Garuda Indonesia (Persero) (Garuda)

Pada tanggal 19 Oktober 2009, Perusahaan dan Garuda menandatangani Perjanjian Pengalihan Hutang No. 1617/C00000/2009-SO. Berdasarkan perjanjian ini, hutang usaha Garuda sebesar USD76.484.912 (nilai penuh) atas pembelian Avtur dari Perusahaan untuk periode 1 Juni 2004 sampai dengan 30 Juni 2006 dikonversikan menjadi pinjaman jangka panjang, yang dikenakan suku bunga LIBOR enam bulan ditambah 1,75% per tahun. Bunga terhutang setiap tanggal 30 Juni dan 31 Desember, dimulai pada tanggal 31 Desember 2009.

Jadwal pembayaran kembali pinjaman adalah sebagai berikut: 1% dari pokok pinjaman pada tanggal 31 Desember 2009, 5% dari pokok pinjaman pada tanggal 31 Desember 2010 dan 18,8% dari pokok pinjaman pada tanggal 31 Desember setiap tahun selanjutnya sampai dengan tanggal 31 Desember 2015. Denda sebesar 2% per tahun dikenakan atas keterlambatan pembayaran.

Pada tanggal 31 Desember 2009 dan 2008, saldo piutang jangka panjang kepada Garuda yang direstrukturisasi masing-masing sebesar USD71.895.851 (nilai penuh) atau setara Rp675.821 dan USD75.720.063 (nilai penuh) atau setara Rp829.135.

Mutasi piutang usaha Perusahaan dari PT Garuda Indonesia (Persero) yang direstrukturisasi adalah sebagai berikut:

12. OTHER ASSETS - NET (continued)

a. PT Garuda Indonesia (Persero) (Garuda)

On October 19, 2009, the Company and Garuda signed a Transfer of Debt Agreement No. 1617/C00000/2009-SO. Based on this agreement, Garuda's trade payables amounting to US$76,484,912 (full amount) for the purchase of Avtur from the Company for the period from June 1, 2004 to June 30, 2006 have been converted into a long-term loan, which is subject to interest at the rate of six months LIBOR plus 1.75% per annum. Interest is payable every June 30 and December 31, starting on December 31, 2009.

The schedule of loan repayments is as follows: 1% of loan principal on December 31, 2009, 5% of loan principal on December 31, 2010 and 18.8% of loan principal on December 31 of each year thereafter until December 31, 2015. A penalty of 2% per annum is applied for late payments.

As of December 31, 2009 and 2008, the outstanding restructured long-term receivables from Garuda amounted to US$71,895,851(full amount) or equivalent to Rp675,821 and US$75,720,063 (full amount) or equivalent to Rp829,135, respectively.

The movements of the Company's restructured trade receivables from PT Garuda Indonesia (Persero) are as follows:

	2009	2008	
Saldo awal	837.510	837.510	*Beginning balance*
Penerimaan	(7.190)	-	*Receipts*
Rugi selisih kurs	(118.551)	-	*Foreign exchange loss*
	711.769	837.510	
Bagian lancar disajikan sebagai piutang lain-lain	(35.948)	(8.375)	*Current portion presented as an other receivable*
Bagian tidak lancar - bersih	**675.821**	**829.135**	***Non-current portion - net***

(Expressed in millions of Rupiah, unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan)

12. OTHER ASSETS - NET (continued)

b. PPN yang dapat ditagihkan kembali - bersih

b. Reimburseable VAT - net

	2009	2008	
PPN yang dapat ditagihkan kembali dari BP MIGAS:			*VAT reimburseable by BP MIGAS:*
- PT Pertamina EP	1.461.436	1.212.222	*PT Pertamina EP -*
- PT Pertamina EP Cepu	95.573	53.491	*PT Pertamina EP Cepu -*
Sub jumlah	1.557.009	1.265.713	*Sub total*
Penyisihan PPN yang dapat ditagihkan kembali	(32.348)	(29.943)	*Allowance for reimburseable VAT*
Sub jumlah	1.524.661	1.235.770	*Sub total*
PPN yang dapat ditagihkan kembali dari Direktorat Jenderal Anggaran dan Perimbangan Keuangan:			*VAT reimburseable by the Directorate General of Budgeting and Finance Stability:*
- PT Pertamina Geothermal Energy	280.409	136.583	*PT Pertamina Geothermal Energy -*
Jumlah	**1.805.070**	**1.372.353**	***Total***
Bagian lancar	**(1.093.351)**	**(692.643)**	***Current portion***
Bagian tidak lancar	**711.719**	**679.710**	***Non-current portion***

Mutasi saldo penyisihan PPN yang dapat ditagihkan kembali adalah sebagai berikut:

The movement in the allowance for reimburseable VAT is as follows:

	2009	2008	
Saldo awal	29.943	24.836	*Beginning balance*
Penambahan tahun berjalan	2.405	5.107	*Addition during the year*
Saldo akhir	**32.348**	**29.943**	***Ending balance***

PPN yang jatuh tempo lebih dari 1 (satu) tahun dikelompokkan sebagai aset tidak lancar lainnya.

VAT which is due after more than 1 (one) year is categorized as a non-current asset.

Manajemen berkeyakinan bahwa penyisihan untuk PPN yang dapat ditagihkan kembali pada tanggal 31 Desember 2009 dan 2008 memadai.

Management believes that the allowance for reimburseable VAT as of December 31, 2009 and 2008 is adequate.

(Expressed in millions of Rupiah,
unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan)

c. PT Merpati Nusantara Airlines (MNA)

Pada tanggal 27 Oktober 2009, PT Merpati Nusantara Airlines (MNA) telah mengajukan permohonan untuk merestrukturisasi hutangnya kepada Perusahaan. Pada tanggal 28 Desember 2009, Perusahaan mengajukan usulan skema restrukturisasi untuk saldo piutang dari MNA pada tanggal 30 November 2009 sebesar Rp212.665. Belum ada kesepakatan sehubungan dengan restrukturisasi piutang usaha dari MNA sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini. Pada tanggal 31 Desember 2009 dan 2008, piutang dari MNA yang direncanakan untuk diajukan dalam perjanjian restrukturisasi sebesar Rp212.665 tersebut disajikan sebagai piutang jangka panjang.

Manajemen berkeyakinan bahwa saldo piutang dari MNA dapat dilunasi, dan oleh karena itu, akun penyisihan piutang ragu-ragu tidak diperlukan pada tanggal 31 Desember 2009 dan 2008.

d. Aset *Non-Free* dan *Non-Clear* - bersih

12. OTHER ASSETS - NET (continued)

c. PT Merpati Nusantara Airlines (MNA)

On October 27, 2009, PT Merpati Nusantara Airlines (MNA) requested a restructuring of its payable to the Company. On December 28, 2009, the Company proposed a debt restructuring scheme for its receivable balance from MNA as of November 30, 2009 of Rp212,665. No agreement has been reached in relation to the restructuring of receivables due from MNA as of the completion date of these consolidated financial statements. As of December 31, 2009 and 2008, the receivables from MNA, which are planned to be proposed in the debt restructuring agreement amounting to Rp212,665 were presented as long-term receivables.

Management believes that the receivables balance due from MNA is fully recoverable, and accordingly, no allowance for doubtful accounts is required as of December 31, 2009 and 2008.

d. Non-Free and Non-Clear assets - net

	2009	2008	
Aset *Non - Free* dan *Non - Clear*	1.390.635	1.390.635	*Non-Free and Non-Clear assets*
Penyisihan penurunan nilai	(1.172.310)	(1.172.310)	*Impairment allowance*
	218.325	**218.325**	

Aset *Non-Free* dan *Non-Clear* (NFNC) merupakan aset tanah yang berlokasi di Plumpang, Jakarta dan aset di daerah lainnya. Perusahaan mengakui penyisihan penurunan nilai untuk mengurangi nilai dari aset-aset tersebut menjadi nilai estimasi yang dapat direalisasi.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, dokumentasi dan hak Perusahaan atas aset-aset ini masih dalam proses hukum dan penyelesaian agar aset tersebut dapat sepenuhnya digunakan oleh Perusahaan. Manajemen berkeyakinan bahwa penyisihan penurunan nilai tersebut adalah memadai.

Non-Free and Non-Clear assets (NFNC) represent land located in Plumpang, Jakarta and certain assets located in other areas. The Company has recognized an impairment allowance to reduce the value of such assets to their estimated realizable value.

As of the date of the completion of these consolidated financial statements, the documentation and rights of the Company over these assets are still subject to completion of the legal and settlement processes to allow the Company to fully utilize such assets. Management believes that the impairment allowance is adequate.

(Expressed in millions of Rupiah,
unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan) / ***12. OTHER ASSETS - NET (continued)***

e. Dana yang dibatasi penggunaannya / ***e. Restricted funds***

	2009	2008	
Rekening Dolar Amerika Serikat:			*US Dollar accounts:*
PT Bank CIMB Niaga Tbk	52.997	61.736	*PT Bank CIMB Niaga Tbk*
PT Bank Mandiri (Persero) Tbk	21.005	20.456	*PT Bank Mandiri (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	13.348	-	*PT Bank Negara Indonesia (Persero) Tbk*
Lain-lain	25.834	13.140	*Others*
	113.184	95.332	
Rekening Rupiah:			*Rupiah accounts:*
PT Bank Negara Indonesia (Persero) Tbk	15.821	-	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	3.098	64	*PT Bank Mandiri (Persero) Tbk*
PT Bank CIMB Niaga Tbk	740	5.528	*PT Bank CIMB Niaga Tbk*
Lain-lain	1.050	3.490	*Others*
	20.709	9.082	
Jumlah	**133.893**	**104.414**	***Total***

Termasuk dalam rekening escrow account pada PT Bank CIMB Niaga Tbk merupakan deposito berjangka PT Pertamina Tongkang yang digunakan sebagai jaminan atas fasilitas pinjaman untuk mendanai akuisisi kapal MPV Peteka 5401 dan 5402.

Included in the escrow accounts at PT Bank CIMB Niaga Tbk are PT Pertamina Tongkang's time deposits utilized as security for loan facilities to finance the acquisition of Peteka MPV vessels 5401 and 5402 and bank guarantee of motor vehicle rental contract.

Deposito berjangka pada PT Bank Mandiri (Persero) Tbk merupakan deposito berjangka PT Pertamina Tongkang yang digunakan sebagai jaminan untuk berpartisipasi dalam tender.

The time deposit in PT Bank Mandiri (Persero) Tbk represents PT Pertamina Tongkang's time deposit utilized as guarantees for participation in tenders.

f. Aset tetap tidak terpakai - bersih / ***f. Unused fixed assets - net***

	2009	2008	
Perusahaan			***The Company***
Biaya historis:			*Historical cost:*
Tanah dan hak atas tanah	382.819	388.579	*Land and landrights*
Sumur panas bumi	74.180	74.180	*Geothermal wells*
Tangki, instalasi pipa, dan peralatan lainnya	405.579	397.748	*Tanks, pipeline installations, and other equipment*
Pabrik *Purified Terephthalic Acid* (PTA)	517.714	517.714	*Purified Terephthalic Acid (PTA) plant*
Bangunan	74.205	75.094	*Buildings*
HBM bergerak	383.445	345.136	*Moveable assets*
Jumlah	1.837.942	1.798.451	*Total*
Akumulasi penyusutan	(902.384)	(854.005)	*Accumulated depreciation*
Penyisihan penurunan nilai	(887.598)	(887.598)	*Impairment allowance*
Jumlah	47.960	56.848	*Total*
Anak Perusahaan			***Subsidiaries***
Aset lain-lain	6.988	8.166	*Other assets*
Nilai buku bersih	**54.948**	**65.014**	***Net book value***

(Expressed in millions of Rupiah, unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan)

f. Aset tetap tidak terpakai - bersih (lanjutan)

Aset tetap tidak terpakai merupakan aset yang sementara ini tidak digunakan dalam operasi dan/atau aset yang diusulkan untuk dihapuskan/dijual. Penyisihan penurunan nilai atas aset ini dibuat berdasarkan hasil kajian yang dilakukan oleh manajemen. Manajemen berkeyakinan bahwa penyisihan penurunan nilai tersebut adalah memadai.

Termasuk dalam aset tetap tidak terpakai adalah kilang pengolahan Purified Terephthalic Acid ("PTA") yang berlokasi di Unit Pengolahan (UP) III - Plaju, Sumatera Selatan, yang sudah tidak ekonomis berdasarkan analisis manajemen, dengan demikian, pada tanggal 26 Februari 2007, Perusahaan menghentikan operasi PTA. Penyisihan penurunan nilai atas seluruh nilai tercatat aset tersebut telah dibuat pada tahun 2007.

Saldo aset tetap tidak terpakai terdiri dari saldo aset tetap yang berkaitan dengan investasi Perusahaan di PT Geo Dipa Energi (GDE) sejumlah RpNihil (setelah penyisihan penurunan nilai penuh sebesar Rp75.979). Menteri Negara Badan Usaha Milik Negara (BUMN) melalui surat No. S-738/MBU/2009 tanggal 13 Oktober 2009 menyetujui mengalihkan seluruh aset Perusahaan di GDE tersebut kepada Pemerintah.

g. Aset dari proyek Karaha Bodas Company LLC

12. OTHER ASSETS - NET (continued)

f. Unused fixed assets - net (continued)

Unused fixed assets represent temporarily unused assets and/or assets proposed for write-off/disposal. An allowance is made for the decline in value of these assets based on the results of studies conducted by management. Management believes that the impairment allowance is adequate.

Included in unused fixed assets is the Purified Terephthalic Acid ("PTA") plant located in the Refinery Unit (UP) III - Plaju, South Sumatera, which is uneconomical based on management's analysis and accordingly, on February 26, 2007, the Company terminated the PTA operations. An allowance for impairment for the entire carrying value of the asset has been made in 2007.

The unused fixed assets balance includes fixed assets involving the Company's investment in PT Geo Dipa Energi (GDE) amounting to RpNil (after a full impairment allowance amounting to Rp75,979). The Minister of State-Owned Enterprises through letter No. S-738/MBU/2009 dated October 13, 2009 agreed to transfer all of the Company's assets involving GDE to the Government.

g. Assets involving the Karaha Bodas Company LLC project

	2009	2008	
Aset dari proyek Karaha Bodas Company LLC	81.794	81.794	*Assets involving the Karaha Bodas Company LLC project*
Penyisihan penurunan nilai	(33.858)	(33.858)	*Impairment allowance*
	47.936	**47.936**	

Aset dari proyek Karaha Bodas Company LLC merupakan aset yang berasal dari penyelesaian kasus hukum Karaha Bodas (Catatan 15c) berlokasi di Garut, Jawa Barat. Manajemen Perusahaan menetapkan kebijakan atas pemanfaatan aset tersebut, sebagai berikut:

Assets involving the Karaha Bodas Company LLC project were acquired as a result of the settlement of the Karaha Bodas legal case (Note 15c), and are located in Garut, West Java. Management has established a policy for the utilization of such assets, as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

12. ASET LAIN-LAIN - BERSIH (lanjutan)

g. Aset dari proyek Karaha Bodas Company LLC (lanjutan)

(i) Aset dengan nilai Rp47.936 akan digunakan untuk aktivitas panas bumi termasuk sumur produksi dan injeksi beserta sarana pelengkap.
(ii) Perusahaan membentuk penyisihan penurunan nilai penuh untuk aset tersebut sebesar Rp33.858 yang meliputi sumur-sumur yang tidak digunakan lagi.

Manajemen berkeyakinan bahwa penyisihan penurunan nilai tersebut adalah memadai.

12. OTHER ASSETS - NET (continued)

g. Assets involving the Karaha Bodas Company LLC project (continued)

(i) Assets involving an amount of Rp47,936 will be used for geothermal activities including production and injection wells and related facilities.
(ii) The Company recognized a full impairment allowance for the remaining assets of Rp33,858 which involve abandoned wells.

Management believes that the impairment allowance is adequate.

13. PINJAMAN JANGKA PENDEK

13. SHORT-TERM LOANS

	2009	2008	
Perusahaan:			***The Company:***
PT Bank Rakyat Indonesia (Persero) Tbk	3.172.992	2.600.674	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Central Asia Tbk	3.080.830	1.485.485	*PT Bank Central Asia Tbk*
PT Bank Mandiri (Persero) Tbk	2.382.183	1.912.007	*PT Bank Mandiri (Persero) Tbk*
PT Bank Negara Indonesia (Persero) Tbk	1.457.117	472.208	*PT Bank Negara Indonesia (Persero) Tbk*
Calyon Crédit Agricole CIB	1.001.777	222.227	*Calyon Crédit Agricole CIB*
Banque Nationale de Paris Paribas	502.688	3.253.807	*Banque Nationale de Paris Paribas*
Standard Chartered Bank	466.817	238.355	*Standard Chartered Bank*
Lembaga Pembiayaan Ekspor Indonesia (dahulu PT Bank Ekspor Indonesia (Persero))	427.761	-	*Indonesia Export Financing Institution (formerly PT Bank Ekspor Indonesia (Persero))*
PT Bank Bukopin Tbk	412.744	447.139	*PT Bank Bukopin Tbk*
Natixis Bank, Singapura	394.729	213.827	*Natixis Bank, Singapore*
The Hongkong and Shanghai Banking Corporation Limited	211.939	-	*The Hongkong and Shanghai Banking Corporation Limited*
ABN AMRO BANK N.V.	205.347	192.222	*ABN AMRO BANK N.V.*
PT Bank Permata Tbk	151.732	-	*PT Bank Permata Tbk*
Sub jumlah - Perusahaan	13.868.656	11.037.951	*Sub total - Company*
Anak Perusahaan:			***Subsidiaries:***
Sumitomo Mitsui Banking Corporation			*Sumitomo Mitsui Banking Corporation*
Pertamina Trading Energy Ltd.	890.903	-	*Pertamina Trading Energy Ltd.*
PT Bank CIMB Niaga Tbk:			*PT Bank CIMB Niaga Tbk:*
PT Patra Niaga	-	95.000	*PT Patra Niaga*
Lain-lain	1.000	7.133	*Others*
Sub jumlah - Anak Perusahaan	891.903	102.133	*Sub total - Subsidiaries*
Jumlah	**14.760.559**	**11.140.084**	***Total***

(Expressed in millions of Rupiah, unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BRI, sebagai berikut:

Jenis fasilitas	: Penangguhan Jaminan Impor (PJI) atau LC Line (Sight LC atau Usance LC), Kredit Modal Kerja Impor (KMKI) dan Rekening Koran (R/K)
Saldo terhutang	: USD337.552.352 (nilai penuh) atau setara dengan Rp3.172.992
Fasilitas maksimum	: USD370.000.000 (nilai penuh)
Suku bunga	: SIBOR + 2,7% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	: 30 Juli 2010
Jaminan	: -

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BRI, sebagai berikut:

Jenis fasilitas	: *Sight L/C, Usance L/C* dan *Standby Letters of Credit (SBLC)*
Saldo terhutang	: USD237.451.963 (nilai penuh) atau setara dengan Rp2.600.674
Fasilitas maksimum	: USD450.000.000 (nilai penuh)
Suku bunga	: SIBOR + 1,40% per tahun atau tergantung dari negosiasi
Masa berlakunya fasilitas	: 29 September 2009
Jaminan	: -

PT Bank Central Asia Tbk (BCA)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BCA, sebagai berikut:

Jenis fasilitas	: *Sight L/C, Usance L/C, Standby Letters of Credit (SBLC)*, SKBDN, dan Kredit Berjangka
Saldo terhutang	: USD327.747.889 (nilai penuh) atau setara dengan Rp3.080.830

13. SHORT-TERM LOANS (continued)

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

In 2009, the Company entered into a credit facility amendment agreement with BRI, as follows:

Type of facilities	*: LCs Line (Sight LCs or Usance LCs), import working capital (KMKI) and current account*
Outstanding balance	*: US$337,552,352 (full amount) or equivalent to Rp3,172,992*
Maximum facility	*: US$370,000,000 (full amount)*
Interest rate	*: SIBOR plus 2.7% per annum or subject to negotiation*
Facility will expire on	*: July 30, 2010*
Security	*: -*

In 2008, the Company entered into a credit facility amendment agreement with BRI, as follows:

Type of facilities	*: Sight L/Cs, Usance L/Cs and Standby Letters of Credit (SBLCs)*
Outstanding balance	*: US$237,451,963 (full amount) or equivalent to Rp2,600,674*
Maximum facility	*: US$450,000,000 (full amount)*
Interest rate	*: SIBOR plus 1.40% per annum or subject to negotiation*
Facility expiry date	*: September 29, 2009*
Security	*: -*

PT Bank Central Asia Tbk (BCA)

In 2009, the Company entered into a credit facility amendment agreement with BCA, as follows:

Type of facilities	*: Sight L/Cs, Usance L/Cs, Standby Letters of Credit (SBLCs), SKBDNs, and Term Loans (TLs)*
Outstanding balance	*: US$327,747,889 (full amount) or equivalent to Rp3,080,830*

(Expressed in millions of Rupiah,
unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

PT Bank Central Asia Tbk (BCA) (lanjutan)

Fasilitas maksimum	:	USD328.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 2,5% per tahun
Fasilitas ini berlaku sampai	:	8 November 2010
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BCA, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C*, Surat Kredit Berdokumen Dalam Negeri *(*SKBDN), *SBLC* dan Kredit Berjangka
Saldo terhutang	:	USD135.660.731 (nilai penuh) atau setara dengan Rp1.485.485
Fasilitas maksimum	:	USD325.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 2,5% per tahun
Fasilitas ini berlaku sampai	:	8 November 2009
Jaminan	:	-

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Bank Mandiri, sebagai berikut:

Jenis fasilitas	:	*L/C, SBLC,* SKBDN dan *TR*
Saldo terhutang	:	USD253.423.681(nilai penuh) atau setara dengan Rp2.382.183
Fasilitas maksimum	:	USD475.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1,5% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	11 Maret 2010
Jaminan	:	-

13. SHORT-TERM LOANS (continued)

PT Bank Central Asia Tbk (BCA) (continued)

Maximum facility	*:*	*US$328,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 2.5% per annum*
Facility will expire on	*:*	*November 8, 2010*
Security	*:*	*-*

In 2008, the Company entered into a credit facility amendment agreement with BCA, as follows:

Type of facilities	*:*	*Sight L/Cs, Usance L/Cs, Domestic Letters of Credit (SKBDNs), SBLCs and TLs*
Outstanding balance	*:*	*US$135,660,731 (full amount) or equivalent to Rp1,485,485*
Maximum facility	*:*	*US$325,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 2.5% per annum*
Facility will expire on	*:*	*November 8, 2009*
Security	*:*	*-*

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

In 2009, the Company entered into a credit facility amendment agreement with Bank Mandiri, as follows:

Type of facilities	*:*	*L/Cs, SBLCs, SKBDNs and TRs*
Outstanding balance	*:*	*US$253,423,681 (full amount) or equivalent to Rp2,382,183*
Maximum facility	*:*	*US$475,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1.5% per annum or subject to negotiation*
Facility will expire on	*:*	*March 11, 2010*
Security	*:*	*-*

13. PINJAMAN JANGKA PENDEK (lanjutan)

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Bank Mandiri, sebagai berikut:

Jenis fasilitas	:	*Letters of Credit (L/C), SBLC,* SKBDN dan *TR*
Saldo terhutang	:	USD174.612.374 (nilai penuh) atau setara dengan Rp1.912.007
Fasilitas maksimum	:	USD690.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	12 Maret 2009
Jaminan	:	-

PT Bank Negara Indonesia (Persero) Tbk (BNI)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BNI, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C* dan *TR*
Saldo terhutang	:	USD155.012.468 (nilai penuh) atau setara dengan Rp1.457.117
Fasilitas maksimum	:	USD320.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	24 Oktober 2010
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BNI, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, SBLC* dan *TR*
Saldo terhutang	:	USD43.126.767 (nilai penuh) atau setara dengan Rp472.208
Fasilitas maksimum	:	USD395.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	24 Oktober 2009
Jaminan	:	-

***PT PERTAMINA (PERSERO)
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended
December 31, 2009 and 2008
(Expressed in millions of Rupiah,
unless otherwise stated)***

13. SHORT-TERM LOANS (continued)

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

In 2008, the Company entered into a credit facility amendment agreement with Bank Mandiri, as follows:

Type of facilities	*:*	*Letters of Credit (L/Cs), SBLCs, SKBDNs and TRs*
Outstanding balance	*:*	*US$174,612,374 (full amount) or equivalent to Rp1,912,007*
Maximum facility	*:*	*US$690,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1% per annum or subject to negotiation*
Facility will expire on	*:*	*March 12, 2009*
Security	*:*	*-*

PT Bank Negara Indonesia (Persero) Tbk (BNI)

In 2009, the Company entered into a credit facility amendment agreement with BNI, as follows:

Type of facilities	*:*	*Sight L/Cs, Usance L/Cs and TRs*
Outstanding balance	*:*	*US$155,012,468 (full amount) or equivalent to Rp1,457,117*
Maximum facility	*:*	*US$320,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1% per annum or subject to negotiation*
Facility will expire on	*:*	*October 24, 2010*
Security	*:*	*-*

In 2008, the Company entered into a credit facility amendment agreement with BNI, as follows:

Type of facilities	*:*	*Sight L/Cs, Usance L/Cs, SBLCs and TRs*
Outstanding balance	*:*	*US$43,126,767 (full amount) or equivalent to Rp472,208*
Maximum facility	*:*	*US$395,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1% per annum or subject to negotiation*
Facility will expire on	*:*	*October 24, 2009*
Security	*:*	*-*

(Expressed in millions of Rupiah, unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

Calyon Crédit Agricole CIB (Calyon)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Calyon, sebagai berikut:

Jenis fasilitas	:	*L/C, SBLC, Sight L/C, Usance L/C* dan *TR*
Saldo terhutang	:	USD106.572.054 (nilai penuh) atau setara dengan Rp1.001.777
Fasilitas maksimum	:	USD150.000.000 (nilai penuh)
Suku bunga	:	LIBOR + 1,3% per tahun
Fasilitas ini berlaku sampai	:	Tidak ada tanggal yang ditentukan
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Calyon, sebagai berikut:

Jenis fasilitas	:	*L/C, SBLC, Sight L/C, Usance L/C,* dan *TR*
Saldo terhutang	:	USD20.294.670 (nilai penuh) atau setara dengan Rp222.227
Fasilitas maksimum	:	USD150.000.000 (nilai penuh)
Suku bunga	:	LIBOR + 1,30% per tahun
Fasilitas ini berlaku sampai	:	Tidak ada tanggal yang ditentukan
Jaminan	:	-

Banque Nationale de Paris Paribas (BNPP)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BNPP, sebagai berikut:

Jenis fasilitas	:	*Usance L/C* dan fasilitas pinjaman impor
Saldo terhutang	:	USD53.477.414 (nilai penuh) atau setara dengan Rp502.688
Fasilitas maksimum	:	USD500.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1,15% per tahun
Fasilitas ini berlaku sampai	:	September 2008 (ditarik sesuai kesepakatan)
Jaminan	:	-

13. SHORT-TERM LOANS (continued)

Calyon Crédit Agricole CIB (Calyon)

In 2009, the Company entered into a credit facility amendment agreement with Calyon, as follows:

Type of facilities	:	*L/Cs, SBLCs, Sight L/Cs, Usance L/Cs and TRs*
Outstanding balance	:	*US$106,572,054 (full amount) or equivalent to Rp1,001,777*
Maximum facility	:	*US$150,000,000 (full amount)*
Interest rate	:	*LIBOR plus 1.3% per annum*
Facility will expire on	:	*No specific date*
Security	:	*-*

In 2008, the Company entered into a credit facility amendment agreement with Calyon, as follows:

Type of facilities	:	*L/Cs,SBLCs,Sight L/Cs, Usance L/Cs and TRs*
Outstanding balance	:	*US$20,294,670 (full amount) or equivalent to Rp222,227*
Maximum facility	:	*US$150,000,000 (full amount)*
Interest rate	:	*LIBOR plus 1.30% per annum*
Facility will expire on	:	*No specific date*
Security	:	*-*

Banque Nationale de Paris Paribas (BNPP)

In 2009, the Company entered into a credit facility amendment agreement with BNPP, as follows:

Type of facilities	:	*Usance L/Cs and Import loan facility*
Outstanding balance	:	*US$53,477,414 (full amount) or equivalent to Rp502,688*
Maximum facility	:	*US$500,000,000 (full amount)*
Interest rate	:	*SIBOR plus 1.15% per annum*
Facility will expire in	:	*September 2008 (withdrawn as agreed)*
Security	:	*-*

(Expressed in millions of Rupiah,
unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

Banque Nationale de Paris Paribas (BNPP) (lanjutan)

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan BNPP, sebagai berikut:

Jenis fasilitas	:	*Usance L/C* dan fasilitas pinjaman impor
Saldo terhutang	:	USD297.151.267 (nilai penuh) atau setara dengan Rp3.253.807
Fasilitas maksimum	:	USD500.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1,15% per tahun
Masa berlakunya fasilitas	:	September 2008
Jaminan	:	-

Standard Chartered Bank (SCB)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan SCB, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, UPAS L/C, SBLC*, dan fasilitas pinjaman impor
Saldo terhutang	:	USD49.661.348 (nilai penuh) atau setara dengan Rp466.817
Fasilitas maksimum	:	USD100.000.000 (nilai penuh)
Suku bunga	:	SBI+ 1,5% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	28 Februari 2010
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan SCB, sebagai berikut:

Jenis fasilitas	:	*UPAS L/C, Import L/C,* dan *Loan Against Trust Receipts (LATR)*
Saldo terhutang	:	USD21.767.588 (nilai penuh) atau setara dengan Rp238.355

13. SHORT-TERM LOANS (continued)

Banque Nationale de Paris Paribas (BNPP) (continued)

In 2008, the Company entered into a credit facility amendment agreement with BNPP, as follows:

Type of facilities	:	*Usance L/Cs and Import loan facility*
Outstanding balance	:	*US$297,151,267 (full amount) or equivalent to Rp3,253,807*
Maximum facility	:	*US$500,000,000 (full amount)*
Interest rate	:	*SIBOR plus 1.15% per annum*
Facility expiry date	:	*September 2008*
Security	:	-

Standard Chartered Bank (SCB)

In 2009, the Company entered into a credit facility amendment agreement with SCB, as follows:

Type of facilities	:	*Sight L/Cs, Usance L/Cs, UPAS L/Cs, SBLCs and import loan facility*
Outstanding balance	:	*US$49,661,348 (full amount) or equivalent to Rp466,817*
Maximum facility	:	*US$100,000,000 (full amount)*
Interest rate	:	*SBI plus 1.5% per annum or subject to negotiation*
Facility will expire on	:	*February 28, 2010*
Security	:	-

In 2008, the Company entered into a credit facility amendment agreement with SCB, as follows:

Type of facilities	:	*UPAS L/Cs , Import L/Cs and Loans Against Trust Receipts (LATRs)*
Outstanding balance	:	*US$21,767,588 (full amount) or equivalent to Rp238,355*

(Expressed in millions of Rupiah,
unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

Standard Chartered Bank (SCB) (lanjutan)

Fasilitas maksimum	:	USD150.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun
Fasilitas ini berlaku sampai	:	28 Februari 2009
Jaminan	:	-

Lembaga Pembiayaan Ekspor Indonesia (dahulu PT Bank Ekspor Indonesia (Persero))

Pada tahun 2009, Perusahaan menandatangani perjanjian pemberian fasilitas kredit dengan Lembaga Pembiayaan Ekspor Indonesia, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C*, Kredit Modal Kerja Ekspor (KMKE), dan SKBDN
Saldo terhutang	:	USD45.506.497 (nilai penuh) atau setara dengan Rp427.761
Fasilitas maksimum	:	USD 90.000.000 (nilai penuh)
Suku bunga	:	tidak ditentukan di dalam perjanjian
Fasilitas ini berlaku sampai	:	14 Desember 2010
Jaminan	:	-

PT Bank Bukopin Tbk (Bank Bukopin)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Bank Bukopin, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, TR* dan *Post Import Financing (PIF)*
Saldo terhutang	:	USD43.908.946 (nilai penuh) atau setara dengan Rp412.744
Fasilitas maksimum	:	USD45.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	21 April 2010
Jaminan	:	-

13. SHORT-TERM LOANS (continued)

Standard Chartered Bank (SCB) (continued)

Maximum facility	:	*US$150,000,000 (full amount)*
Interest rate	:	*SIBOR plus 1% per annum*
Facility will expire on	:	*February 28, 2009*
Security	:	-

Indonesia Export Financing Institution (formerly PT Bank Ekspor Indonesia (Persero))

In 2009, the Company entered into a credit facility agreement with Indonesia Export Financing Institution, as follows:

Type of facility	:	*Sight L/Cs, Usance L/Cs, Export Working Capital Loan (KMKEs), and SKBDNs*
Outstanding balance	:	*US$45,506,497 (full amount) or equivalent to Rp427,761*
Maximum facility	:	*US$90,000,000 (full amount)*
Interest rate	:	*not specified in the agreement*
Facility will expire on	:	*December 14, 2010*
Security	:	-

PT Bank Bukopin Tbk (Bank Bukopin)

In 2009, the Company entered into a credit facility amendment agreement with Bank Bukopin, as follows:

Type of facilities	:	*Sight L/Cs, Usance L/Cs, TRs and Post Import Financing (PIF)*
Outstanding balance	:	*US$43,908,946 (full amount) or equivalent to Rp412,744*
Maximum facility	:	*US$45,000,000 (full amount)*
Interest rate	:	*SIBOR plus 1% per annum or subject to negotiation*
Facility will expire on	:	*April 21, 2010*
Security	:	-

(Expressed in millions of Rupiah, unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

PT Bank Bukopin Tbk (Bank Bukopin) (lanjutan)

Pada tahun 2008, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Bank Bukopin, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, TR* dan *PIF*
Saldo terhutang	:	USD40.834.612 (nilai penuh) atau setara dengan Rp447.139
Fasilitas maksimum	:	USD45.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	21 April 2009
Jaminan	:	-

Natixis Bank, Singapura (Natixis Bank)

Pada tahun 2009, Perusahaan menandatangani perjanjian perubahan fasilitas kredit dengan Natixis Bank, sebagai berikut:

Jenis fasilitas	:	*L/C* dan *Short Term Advances* (*STA)*
Saldo terhutang	:	USD41.992.496 (nilai penuh) atau setara dengan Rp394.729
Fasilitas maksimum	:	USD175.000.000 (nilai penuh)
Suku bunga	:	LIBOR + 1,5% per tahun
Fasilitas ini berlaku sampai	:	5 Juni 2010
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani perjanjian perpanjangan fasilitas kredit dengan Natixis Bank, sebagai berikut:

Jenis fasilitas	:	*L/C* dan *STA*
Saldo terhutang	:	USD19.527.580 (nilai penuh) atau setara dengan Rp213.827
Fasilitas maksimum	:	USD175.000.000 (nilai penuh)
Suku bunga	:	LIBOR + 1,4% per tahun
Fasilitas ini berlaku sampai	:	5 Juni 2009
Jaminan	:	-

13. SHORT-TERM LOANS (continued)

PT Bank Bukopin Tbk (Bank Bukopin) (continued)

In 2008, the Company entered into a credit facility amendment agreement with Bank Bukopin, as follows:

Type of facilities	*:*	*Sight L/Cs, Usance L/Cs, TRs and PIF*
Outstanding balance	*:*	*US$40,834,612 (full amount) or equivalent to Rp447,139*
Maximum facility	*:*	*US$45,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1% per annum or subject to negotiation*
Facility will expire on	*:*	*April 21, 2009*
Security	*:*	*-*

Natixis Bank, Singapore (Natixis Bank)

In 2009, the Company entered into a credit facility amendment agreement with Natixis Bank, as follows:

Type of facilities	*:*	*L/Cs and Short Term Advances (STAs)*
Outstanding balance	*:*	*US$41,992,496 (full amount) or equivalent to Rp394,729*
Maximum facility	*:*	*US$175,000,000 (full amount)*
Interest rate	*:*	*LIBOR plus 1.5% per annum*
Facility will expire on	*:*	*June 5, 2010*
Security	*:*	*-*

In 2008, the Company entered into a credit facility amendment agreement with Natixis Bank, as follows:

Type of facilities	*:*	*L/Cs and STAs*
Outstanding balance	*:*	*US$19,527,580 (full amount) or equivalent to Rp213,827*
Maximum facility	*:*	*US$175,000,000 (full amount)*
Interest rate	*:*	*LIBOR plus 1.4% per annum*
Facility will expire on	*:*	*June 5, 2009*
Security	*:*	*-*

(Expressed in millions of Rupiah, unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Pada tahun 2009, Perusahaan menandatangani perjanjian pemberian fasilitas kredit dengan HSBC, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C* dan Kredit Berjangka
Saldo terhutang	:	USD22.546.653 (nilai penuh) atau setara dengan Rp211.939
Fasilitas maksimum	:	USD100.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 2% per tahun atau tergantung negosiasi
Fasilitas ini berlaku sampai	:	30 September 2010
Jaminan	:	-

ABN AMRO BANK N.V. (ABN AMRO)

Pada tahun 2009, Perusahaan menandatangani *Uncommitted/Specified Maturity Facility Letter* dengan ABN AMRO, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, SBLC* dan *PIF*
Saldo terhutang	:	USD21.845.438 (nilai penuh) atau setara dengan Rp205.347
Fasilitas maksimum	:	USD60.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1,25% per tahun
Fasilitas ini berlaku sampai	:	Tidak ada tanggal yang ditentukan
Jaminan	:	-

Pada tahun 2008, Perusahaan menandatangani *Uncommitted/Specified Maturity Facility Letter* dengan ABN AMRO, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, Usance L/C, SBLC* dan *PIF*
Saldo terhutang	:	USD17.554.483 (nilai penuh) atau setara dengan Rp192.222

13. SHORT-TERM LOANS (continued)

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

In 2009, the Company entered into a credit facility agreement with HSBC, as follows:

Type of facilities	:	*Sight L/Cs, Usance L/Cs and TLs*
Outstanding balance	:	*US$22,546,653 (full amount) or equivalent to Rp211,939*
Maximum facility	:	*US$100,000,000 (full amount)*
Interest rate	:	*SIBOR plus 2% per annum or subject to negotiation*
Facility will expire on	:	*September 30, 2010*
Security	:	*-*

ABN AMRO BANK N.V. (ABN AMRO)

In 2009, the Company entered into an Uncommitted/Specified Maturity Facility Letter with ABN AMRO, as follows:

Type of facilities	:	*Sight L/Cs, Usance L/Cs, SBLCs and PIF*
Outstanding balance	:	*US$21,845,438 (full amount) or equivalent to Rp205,347*
Maximum facility	:	*US$60,000,000 (full amount)*
Interest rate	:	*SIBOR plus 1.25% per annum*
Facility will expire on	:	*No specific date*
Security	:	*-*

In 2008, the Company entered into an Uncommitted/Specified Maturity Facility Letter with ABN AMRO, as follows:

Type of facilities	:	*Sight L/Cs, Usance L/Cs, SBLCs and PIF*
Outstanding balance	:	*US$17,554,483 (full amount) or equivalent to Rp192,222*

(Expressed in millions of Rupiah, unless otherwise stated)

13. PINJAMAN JANGKA PENDEK (lanjutan)

ABN AMRO BANK N.V. (ABN AMRO) (lanjutan)

Fasilitas maksimum	:	USD60.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 1,25% per tahun
Fasilitas ini berlaku sampai	:	Tidak ada tanggal yang ditentukan
Jaminan	:	-

PT Bank Permata Tbk (Bank Permata)

Pada tahun 2009, Perusahaan menandatangani perjanjian fasilitas kredit dengan Bank Permata, sebagai berikut:

Jenis fasilitas	:	*UPAS L/C,* SKBDN dan *PIF*
Saldo terhutang	:	USD16.141.725 (nilai penuh) atau setara dengan Rp151.732
Fasilitas maksimum	:	USD60.000.000 (nilai penuh)
Suku bunga	:	SIBOR + 4,51% per tahun atau tergantung dari negosiasi
Fasilitas ini berlaku sampai	:	26 Agustus 2010
Jaminan	:	-

Berdasarkan perjanjian-perjanjian fasilitas bank, Perusahaan harus mematuhi batasan-batasan tertentu, antara lain: memperoleh persetujuan tertulis dari pemberi pinjaman sebelum melakukan transaksi-transaksi seperti penggabungan usaha, perubahan status dan Anggaran Dasar Perusahaan, modal saham, pelepasan serta penjaminan aset tetap yang diperoleh dari penggunaan fasilitas pinjaman, mengubah aktivitas utama, mengasuransikan asetnya dan mematuhi rasio-rasio keuangan tertentu.

Pertamina Energy Trading Ltd. (Petral)

Sumitomo Mitsui Banking Corporation

Pada tahun 2009, Pertamina Energy Trading Ltd. (Petral) menandatangani perjanjian fasilitas kredit dengan Sumitomo Mitsui Banking Corporation, sebagai berikut:

Jenis fasilitas	:	*Sight L/C, SBLC, TR* dan *Letter of Indemnity (LOI)*
Saldo terhutang	:	USD94.776.853 (nilai penuh) atau setara dengan Rp890.903

13. SHORT-TERM LOANS (continued)

ABN AMRO BANK N.V. (ABN AMRO) (continued)

Maximum facility	*:*	*US$60,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 1.25% per annum*
Facility will expire on	*:*	*No specific date*
Security	*:*	*-*

PT Bank Permata Tbk (Bank Permata)

In 2009, the Company entered into a credit facility agreement with Bank Permata, as follows:

Type of facilities	*:*	*UPAS L/Cs, SKBDNs and PIF*
Outstanding balance	*:*	*US$16,141,725 (full amount) or equivalent to Rp151,732*
Maximum facility	*:*	*US$60,000,000 (full amount)*
Interest rate	*:*	*SIBOR plus 4.51% per annum or subject to negotiation*
Facility will expire on	*:*	*August 26, 2010*
Security	*:*	*-*

Under the facility agreements, the Company is subject to various restrictive covenants, including among others: obtaining written approvals from lenders before entering into transactions such as mergers, changes in the Company's status and Articles of Association, share capital, disposal and pledging collateral in the form of fixed assets acquired using loan facilities, changing core business activities, maintaining insurance coverage for its assets and complying with certain financial ratios.

Pertamina Energy Trading Ltd. (Petral)

Sumitomo Mitsui Banking Corporation

In 2009, Pertamina Energy Trading Ltd. (Petral) entered into a credit facility agreement with Sumitomo Mitsui Banking Corporation, as follows:

Type of facilities	*:*	*Sight L/Cs, SBLCs, TRs and Letter of Indemnity (LOI)*
Outstanding balance	*:*	*US$94,776,853 (full amount) or equivalent to Rp890,903*

13. PINJAMAN JANGKA PENDEK (lanjutan)

Pertamina Energy Trading Ltd. (Petral) (lanjutan)

Sumitomo Mitsui Banking Corporation (lanjutan)

Fasilitas maksimum : USD500.000.000 (nilai penuh)
Suku bunga : *Cost of Funds* + 1,50% per tahun
Fasilitas ini berlaku sampai : 26 Oktober 2010
Jaminan : -

PT Patra Niaga

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

Pada tahun 2008, PT Patra Niaga menandatangani perjanjian perubahan fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:
Jenis fasilitas : Pinjaman Tetap
Saldo terhutang : Rp45.000

Fasilitas maksimum : Rp45.000
Suku bunga : SBI 1 (satu) bulan + 2,75% per tahun

Fasilitas ini berlaku sampai : 12 bulan
Jaminan : - Deposito berjangka
- Piutang dari pihak ketiga

Pada tahun 2008, PT Patra Niaga menandatangani perjanjian perubahan fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:
Jenis fasilitas : Pinjaman Tetap
Saldo terhutang : Rp50.000

Fasilitas maksimum : Rp70.000
Suku bunga : SBI 1 (satu) bulan + 2,75% per tahun

Fasilitas ini berlaku sampai : 12 bulan
Jaminan : - Deposito berjangka
- Piutang dari pihak ketiga

13. SHORT-TERM LOANS (continued)

Pertamina Energy Trading Ltd. (Petral) (continued)

Sumitomo Mitsui Banking Corporation (continued)

Maximum facility : US$500,000,000 (full amount)
Interest rate : Cost of Funds plus 1.50% per annum
Facility will expire on : October 26, 2010
Security : -

PT Patra Niaga

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

In 2008, PT Patra Niaga entered into a credit facility amendment agreement with Bank CIMB Niaga, as follows:
Type of facility : Fixed Loan
Outstanding balance : Rp45,000
Maximum facility : Rp45,000
Interest rate : 1 (one) month SBI interest rate plus 2.75% per annum
Facility will expire in : 12 months
Security : - Time deposits
- Accounts receivable from third parties

In 2008, PT Patra Niaga entered into a credit facility amendment agreement with Bank CIMB Niaga, as follows:

Type of facility : Fixed Loan
Outstanding balance : Rp50,000
Maximum facility : Rp70,000
Interest rate : 1 (one) month SBI interest rate plus 2.75% per annum
Facility will expire in : 12 months
Security : - Time deposits
- Accounts receivable from third parties

(Expressed in millions of Rupiah, unless otherwise stated)

14. HUTANG USAHA / *14. TRADE PAYABLES*

	2009	2008	
Hutang pihak ketiga:			*Third parties:*
Perusahaan	10.570.190	12.567.350	*The Company*
Anak Perusahaan	10.818.175	5.319.359	*Subsidiaries*
Jumlah	**21.388.365**	**17.886.709**	***Total***

Rincian hutang usaha pada pihak ketiga: / *Details of third party trade payables:*

	2009	2008	
Saudi Arabian Oil Co.	2.621.580	884.639	*Saudi Arabian Oil Co.*
Itochu Petroleum Co. Pte. Ltd.	731.474	564.224	*Itochu Petroleum Co. Pte. Ltd.*
Kuwait Petroleum Corporation	491.145	409.559	*Kuwait Petroleum Corporation*
Chevron U.S.A. Inc.	435.970	275.308	*Chevron U.S.A. Inc.*
ConocoPhillips International Inc.	430.642	334.716	*ConocoPhillips International Inc.*
Mitsubishi Corporation	331.072	256.184	*Mitsubishi Corporation*
Petredec Limited Bermuda	317.655	-	*Petredec Limited Bermuda*
PT Rekayasa Industri	248.036	581.034	*PT Rekayasa Industri*
Jiangsu Eastern Heavy Industry Co. Ltd.	231.203	269.326	*Jiangsu Eastern Heavy Industry Co. Ltd.*
Petrochina International (Bermuda) Ltd.	207.750	390.501	*Petrochina International (Bermuda) Ltd.*
PT Bumi Siak Pusako	172.605	-	*PT Bumi Siak Pusako*
Zhejiang Shipbuilding Chenye Co. Ltd.	172.580	679.807	*Zhejiang Shipbuilding Chenye Co. Ltd.*
PT Medco E&P Indonesia	153.815	72.459	*PT Medco E&P Indonesia*
PT Pertamit Processing	137.746	-	*PT Pertamit Processing*
Total E&P Indonesie	136.349	321.044	*Total E&P Indonesie*
Kodeco Energy Co. Ltd.	130.447	-	*Kodeco Energy Co. Ltd.*
Foshan Saier Gas Appliance Co. Ltd.	111.632	-	*Foshan Saier Gas Appliance Co. Ltd.*
Inpex Corporation	93.372	216.558	*Inpex Corporation*
Petronas Trading Corporation	93.071	1.420.539	*Petronas Trading Corporation*
PT Krakatau Engineering	90.705	-	*PT Krakatau Engineering*
Associated Octel Co. Ltd.	84.701	-	*Associated Octel Co. Ltd.*
Petrochina International Jabung Ltd.	74.057	30.665	*Petrochina International Jabung Ltd.*
Sahamitr Pressure Container Public Co. Ltd.	70.739	-	*Sahamitr Pressure Container Public Co. Ltd.*
Lubrizol Southeast Asia Pte. Ltd.	62.466	82.967	*Lubrizol Southeast Asia Pte. Ltd.*
PT Inti Karya Persada Teknik	62.222	176.888	*PT Inti Karya Persada Teknik*
PT Wilmar Bioenergi Indonesia	61.291	26.337	*PT Wilmar Bioenergi Indonesia*
PT Wijaya Karya Tbk	55.043	-	*PT Wijaya Karya Tbk*
Tipco Asphalt Public Co. Ltd.	53.566	-	*Tipco Asphalt Public Co. Ltd.*
BP West Java Ltd.	45.899	130.011	*BP West Java Ltd.*
Chevron Indonesia Co.	35.896	331.243	*Chevron Indonesia Co.*
Virginia Indonesia Co. (VICO)	26.385	453.524	*Virginia Indonesia Co. (VICO)*
PT Berlian Laju Tanker Tbk.	12.716	80.226	*PT Berlian Laju Tanker Tbk.*
PTT Public Co. Ltd.	4.507	1.354.452	*PTT Public Co. Ltd.*
PT Trans Javagas Pipeline	-	67.022	*PT Trans Javagas Pipeline*
Sinopec (Hong Kong) Ltd.	-	83.103	*Sinopec (Hong Kong) Ltd.*
PT Camarmas Sakti	-	57.288	*PT Camarmas Sakti*
Lain-lain (masing-masing di bawah Rp50.000)	2.581.853	3.017.726	*Others (each below Rp50,000)*
Sub jumlah - Perusahaan	10.570.190	12.567.350	*Sub total - The Company*
Anak Perusahaan	10.818.175	5.319.359	*Subsidiaries*
Jumlah	**21.388.365**	**17.886.709**	***Total***

(Expressed in millions of Rupiah, unless otherwise stated)

15. HUTANG KEPADA PEMERINTAH

15. DUE TO THE GOVERNMENT

	2009	*2008*	
Perusahaan:			***The Company:***
Nilai lawan (hutang kepada Pemerintah atas bagian produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan) (Catatan 6a)	19.490.588	16.909.760	*Conversion account (amount due to the Government for its share of Indonesian crude oil production supplied to the Company's refineries) (Note 6a)*
Penyelesaian kasus Karaha Bodas Company	2.995.897	2.682.603	*Settlement involving the Karaha Bodas Company case*
Ekspor atas bagian Pemerintah dari produksi minyak mentah Indonesia	2.857.663	4.520.267	*Export of the Government's share of Indonesian crude oil production*
Dividen interim (Catatan 23)	905.443	700.000	*Interim dividends (Note 23)*
Bagian Pemerintah atas penjualan gas bumi domestik termasuk bagian Pemerintah atas produksi gas Indonesia	856.265	7.255.721	*The Government's share of domestic natural gas sales involving its share of Indonesian gas production*
Hutang dari kelebihan penggantian biaya subsidi jenis BBM tertentu (Catatan 6a)	399.081	453.945	*Payable for excess reimbursement of costs subsidy for certain fuel (BBM) products (Note 6a)*
Penerimaan negara dari pendapatan dan pajak aktivitas usaha hulu	225.047	983.947	*State revenue involving income and taxes in relation to upstream activities*
Pinjaman proyek pembangunan depot pengisian pesawat udara (DPPU) Ngurah Rai	126.493	160.828	*Ngurah Rai Airport refuelling facility (DPPU) construction project loan*
Hutang dari pembelian produksi LPG bagian Pemerintah	170.063	747.660	*Payable for purchase of the Government's share of LPG production*
Pajak penghasilan termasuk kegiatan panas bumi	61.755	61.755	*Income tax involving geothermal operations*
Pajak penghasilan dari kegiatan *Technical Assistance Contract* (TAC) Elnusa Tristar Ramba Ltd., British Virgin Islands	-	128.864	*Income tax involving Elnusa Tristar Ramba Ltd., British Virgin Islands Technical Assistance Contract*
Lain-lain	-	2.999	*Others*
Jumlah - Perusahaan	**28.088.295**	**34.608.349**	***Total - Company***
Anak Perusahaan:			***Subsidiaries:***
PT Pertamina EP:			*PT Pertamina EP:*
Penerimaan Negara Bukan Pajak (PNBP):			*Government's share of income:*
Saldo awal	2.678.346	3.789.783	*Beginning balance*
Penambahan tahun berjalan	741.526	-	*Addition during the year*
Saling hapus hutang kepada Pemerintah dengan piutang PT Pertamina EP dari Pemerintah selama tahun berjalan	-	(1.727.442)	*Offset amounts due to Government against PT Pertamina EP's amounts due from the Government during the year*
Selisih kurs	(379.127)	616.005	*Foreign exchange difference*
Saldo akhir Penerimaan Negara Bukan Pajak	3.040.745	2.678.346	*Ending balance Government's share of income*
PT Pertamina Hulu Energi: PNBP dari aktivitas hulu	1.258.077	511.807	*PT Pertamina Hulu Energi: Government's share of income in relation to upstream activities*
	4.298.822	3.190.153	
PT Pertamina EP: Kewajiban sewa pembiayaan - barang milik negara	3.654.919	3.364.404	*PT Pertamina EP: Finance lease liability - state-owned assets*
Jumlah - Anak Perusahaan	**7.953.741**	**6.554.557**	***Total - Subsidiaries***
Jumlah Konsolidasian	**36.042.036**	**41.162.906**	***Total Consolidated***
Dikurangi: Bagian lancar	**(30.842.908)**	**(36.324.094)**	***Less: Current portion***
Bagian tidak lancar	**5.199.128**	**4.838.812**	***Non-current portion***

(Expressed in millions of Rupiah, unless otherwise stated)

15. HUTANG KEPADA PEMERINTAH (lanjutan)

15. DUE TO THE GOVERNMENT (continued)

a. Nilai lawan

a. Conversion account

Nilai lawan merupakan kewajiban Perusahaan kepada Pemerintah sehubungan dengan pengiriman produksi minyak mentah di Indonesia yang merupakan bagian Pemerintah ke kilang Perusahaan untuk diproses dalam rangka memenuhi kebutuhan produk BBM dalam negeri. Produksi minyak mentah di Indonesia bagian Pemerintah tersebut berasal dari wilayah kerja PT Pertamina EP dan PHE dan Kontraktor Kontrak Kerjasama (KKKS) lainnya.

The conversion account represents the Company's liability to the Government in relation to the shipment of the Government's share of Indonesian crude oil production to the Company's refineries for processing to meet the domestic demand for fuel products. The Government's share of Indonesian crude oil production is derived from PT Pertamina EP's and PHE's working areas and other Co-operation Contracts (KKKS).

Berikut ini adalah mutasi saldo nilai lawan:

The movements in the conversion account are as follows:

	2009	2008	
Saldo awal	16.909.760	6.708.279	*Beginning balance*
Ditambah: Bagian Pemerintah atas produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan pada tahun berjalan	89.851.449	161.951.507	*Add: Current year's Government's share of Indonesian crude oil production delivered to the Company's refineries*
Dikurangi dengan:			*Offset by:*
Piutang dari PLN	(44.828.266)	(9.863.739)	*Receivables from PLN*
Piutang atas penggantian biaya subsidi jenis BBM tertentu (Catatan 6a)	(32.235.289)	(123.554.915)	*Receivables for reimbursements of costs subsidy for certain fuel (BBM) products (Note 6a)*
Piutang atas penggantian biaya subsidi LPG tabung 3 kg (Catatan 6d)	(6.054.715)	(3.707.838)	*Receivables for reimbursement of costs subsidy for LPG 3 kg cylinders (Note 6d)*
Piutang dari TNI/POLRI atas penjualan BBM	(2.402.351)	(2.380.335)	*Receivables from the Indonesian Armed Forces/Police involving fuel sales*
Pembayaran tunai	(1.750.000)	(12.243.199)	*Cash settlements*
Saldo akhir	**19.490.588**	**16.909.760**	***Ending balance***

b. Penerimaan negara dari pendapatan dan pajak atas aktivitas usaha hulu

b. State revenue involving income and taxes in relation to upstream activities

Penerimaan Negara dari aktivitas hulu merupakan bagian penghasilan Pemerintah yang berasal dari aktivitas Kontrak Kerjasama (KKS) PT Pertamina EP dan bagian Pemerintah atas pajak penghasilan dan dividen yang berasal dari *Pertamina Participating Interests* (PPI).

State revenue involving upstream activities represents the Government's share of income from PT Pertamina EP's Production Sharing contract (PSC) activities, and the Government's share of income tax and dividend tax involving Pertamina Participating Interests (PPI).

Mutasi saldo penerimaan Negara dari aktivitas usaha hulu selama tahun 2009 dan 2008 adalah sebagai berikut:

The movements in State revenue involving upstream activities during 2009 and 2008 are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

15. HUTANG KEPADA PEMERINTAH (lanjutan)

b. Penerimaan negara dari pendapatan dan pajak atas aktivitas usaha hulu (lanjutan)

15. DUE TO THE GOVERNMENT (continued)

b. State revenue involving income and taxes in relation to upstream activities (continued)

	2009	2008	
Perusahaan:			***The Company:***
Saldo awal	983.947	4.130.120	*Beginning balance*
Diperhitungkan dengan piutang PT Pertamina EP dari Pemerintah atas DMO *fees*	(758.900)	(3.146.173)	*Offset of PT Pertamina EP's receivables from the Government for DMO fees*
Saldo akhir - Perusahaan	225.047	983.947	*Ending balance - Company*
Anak Perusahaan:			***Subsidiaries:***
PT Pertamina EP	3.040.745	2.678.346	*PT Pertamina EP*
PT Pertamina Hulu Energi	1.258.077	511.807	*PT Pertamina Hulu Energi*
Saldo akhir - Anak Perusahaan	4.298.822	3.190.153	*Ending balance - Subsidiaries*
Jumlah	**4.523.869**	**4.174.100**	***Total***

c. Penyelesaian Kasus Karaha Bodas Company (KBC)

Berdasarkan Surat No. S-14/MK2/2007 tanggal 8 Maret 2007, Menteri Keuangan menetapkan bahwa penyelesaian KBC sebesar USD318.712.478 (nilai penuh) ditanggung oleh Perusahaan sejumlah Rp2.682.603 (nilai Rupiah dari USD318.712.478 dengan menggunakan kurs pada tanggal neraca pembukaan Perusahaan - 17 September 2003) dan diakui sebagai Hutang Perusahaan kepada Pemerintah.

Selanjutnya, berdasarkan keputusan yang diambil dalam rapat pada tanggal 28 Desember 2007 yang dihadiri oleh Menteri Keuangan, Menteri Energi dan Sumber Daya Mineral (ESDM), Menteri Negara Badan Usaha Milik Negara (BUMN) dan Menteri Koordinasi Bidang Perekonomian, Perusahaan mengakui di neraca pembukaan, aset-aset yang terkait perjanjian KBC dengan Pertamina Lama. Oleh karena itu, selisih antara nilai wajar aset yang diakui dan hutang kepada Pemerintah diperlakukan sebagai pengurang penyertaan modal Pemerintah di neraca pembukaan Perusahaan.

c. Settlement involving the Karaha Bodas Company (KBC) Case

Based on Letter No. S-14/MK2/2007 dated March 8, 2007, the Minister of Finance decided that the KBC settlement amount of US$318,712,478 (full amount) is to be borne by the Company in the amount of Rp2,682,603 (the Rupiah equivalent amount of US$318,712,478 using the exchange rate at the date of the Company's opening balance sheet - September 17, 2003) and recognized as a payable to the Government by the Company.

Based on a decision made during a meeting on December 28, 2007 attended by the Minister of Finance, Minister of Energy and Mineral Resources, Minister of State-Owned Enterprises and the Coordinating Minister of the Economy, the Company recognized the assets related to the KBC contract with the former Pertamina Entity in its opening balance sheet. Consequently, the difference between the fair value of the assets recognized and the liability to the Government was treated as a reduction of the Government's capital contribution in the Company's opening balance sheet.

15. HUTANG KEPADA PEMERINTAH (lanjutan)

c. Penyelesaian Kasus Karaha Bodas Company (KBC) (lanjutan)

Melalui surat Menteri BUMN No. S-32/MBU/2008 tanggal 16 Januari 2008, serta berdasarkan surat Menteri Keuangan No. S-14/MK.2/2007 tanggal 8 Maret 2007, melalui Rapat Umum Pemegang Saham menyetujui bahwa dana sebesar USD318.712.478 merupakan hutang/kewajiban Perusahaan kepada Pemerintah RI yang penyelesaiannya dapat dilakukan melalui kompensasi dengan kewajiban-kewajiban Pemerintah RI kepada Perusahaan atau dibayar Perusahaan ketika Perusahaan memiliki dana untuk membayar.

d. Kewajiban Sewa Pembiayaan atas Pemakaian Barang Milik Negara oleh PT Pertamina EP

Berdasarkan Keputusan Menteri Keuangan No. 92/KMK.06/2008 tanggal 2 Mei 2008, status aset-aset yang dahulunya dimiliki oleh Pertamina Lama yang tidak ditetapkan di dalam neraca pembukaan Perusahaan sesuai dengan Surat Keputusan Menteri Keuangan No. 23/KMK.06/2008, adalah barang milik negara (BMN), dimana penguasaan barang-barang tersebut dilakukan oleh Direktorat Jenderal Kekayaan Negara.

Berdasarkan Surat Keputusan Menteri Keuangan cq. Direktorat Jenderal Kekayaan Negara (DJKN) No. S-23/MK.6/2009 tanggal 21 Januari 2009, Pemerintah menyetujui untuk menerapkan skema sewa atas Rp16.226.357 aset-aset hulu eks Pertamina Lama.

Berdasarkan risalah rapat tanggal 23 Januari 2009 atas rapat yang dihadiri oleh perwakilan Perusahaan dengan Departemen Keuangan cq. DJKN, perjanjian sewa berlaku untuk aset-aset yang sebelumnya dimiliki oleh Pertamina Lama tidak termasuk sumur dan tanah senilai Rp6.753.549, dengan jumlah sewa untuk aset-aset yang bersangkutan senilai Rp9.472.808 untuk jangka waktu 32 tahun.

15. DUE TO THE GOVERNMENT (continued)

c. Settlement involving the Karaha Bodas Company (KBC) Case (continued)

Through the Minister of State-Owned Enterprises' letter No. S-32/MBU/2008 dated January 16, 2008, and based on the Minister of Finance's letter No.S-14/MK.2/2007 dated March 8, 2007, through the Shareholder's General Meeting the amount of funds of US$318,712,478 was approved as a debt/liability of the Company to the Government of Indonesia that can be offset with the obligations of the Government of Indonesia to the Company or settled by the Company when it has the financial ability to do so.

d. Finance Lease Liability involving State-Owned Assets Utilized by PT Pertamina EP

Pursuant to the Minister of Finance Decree No. 92/KMK.06/2008 dated May 2, 2008, the status of assets previously owned by the former Pertamina Entity which have not been recognized in the opening balance sheet of the Company as stipulated by the Minister of Finance Decision Letter No. 23/KMK.06/2008, represent state-owned assets (BMN), the control over which is exercised by the General Secretary of State Assets.

In accordance with the Minister of Finance Decision Letter cq. The Directorate General of State Assets (DJKN) No. S-23/MK.6/2009 dated January 21, 2009, the Government agreed to a leasing arrangement involving Rp16,226,357 of upstream assets previously owned by the former Pertamina Entity.

Based on the minutes of meeting dated January 23, 2009, which meeting was attended by representatives of the Company and the Department of Finance cq. DJKN, the leasing arrangement is applicable to assets previously owned by the former Pertamina Entity excluding wells and land of Rp6,753,549, resulting in a total lease amount for the respective assets of Rp9,472,808, involving a period of 32 years.

(Expressed in millions of Rupiah, unless otherwise stated)

15. HUTANG KEPADA PEMERINTAH (lanjutan)

d. Kewajiban Sewa Pembiayaan atas Pemakaian Barang Milik Negara oleh PT Pertamina EP (lanjutan)

Berdasarkan Surat Keputusan Direktur Utama Perusahaan No. Kpts-023/C00000/2009-S0 tanggal 6 Maret 2009, ditetapkan tarif sewa aset KKS sementara menunggu ditetapkannya kontrak sewa secara resmi oleh Departemen Keuangan qq Menteri Keuangan sebesar Rp9.472.808 untuk jangka waktu 32 tahun terhitung mulai tanggal 17 September 2003 atau Rp296.025 per tahun.

Dengan dialihkannya aktivitas KKS Perusahaan ke PT Pertamina EP, efektif mulai tanggal 17 September 2005, kesepakatan sewa tersebut menjadi transaksi PT Pertamina EP.

Biaya sewa aset KKS Perusahaan untuk periode dari tanggal 17 September 2003 sampai dengan 16 September 2005 diakui menjadi beban Perusahaan dan sejak tanggal 17 September 2005, menjadi beban PT Pertamina EP.

15. DUE TO THE GOVERNMENT (continued)

d. Finance Lease Liability involving State-Owned Assets Utilized by PT Pertamina EP (continued)

In accordance with the Company's President Director's Decision Letter No. Kpts-023/C00000/2009-S0 dated March 6, 2009, the temporary leasing amount for PSC assets of Rp9,472,808 involving a period of 32 years starting from September 17, 2003 or Rp296,025 per annum is subject to a formal lease agreement with the Department of Finance qq Minister of Finance.

With the transfer of the Company's PSC activities to PT Pertamina EP, effective from September 17, 2005, such lease arrangement involves PT Pertamina EP from that date.

The lease expense during the period of the Company's PSC from September 17, 2003 to September 16, 2005 has been recognized as an expense by the Company and starting from September 17, 2005, by PT Pertamina EP.

Pihak yang menyewakan	**Jenis aset/** ***Type of assets***	**2009**	**2008**	***Lessor***
Kementerian Keuangan	Aset instalasi, bangunan, harta bergerak/*Installation assets, buildings and moveable assets*	3.654.919	3.364.404	*The Ministry of Finance*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		(1.856.551)	(1.559.642)	*Less amount due within 1 year*
Bagian jangka panjang		**1.798.368**	**1.804.762**	***Non-current portion***

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	**2009**	**2008**	***Years***
2009	-	1.850.158	*2009*
2010	2.146.183	296.025	*2010*
2011	296.025	296.025	*2011*
2012	296.025	296.025	*2012*
2013	296.025	296.025	*2013*
2014 - 2035	6.438.550	6.438.550	*2014 - 2035*
Jumlah	9.472.808	9.472.808	*Total*
Dikurangi jumlah bagian bunga	(6.824.662)	(6.824.662)	*Less amounts representing interest*
Bersih	2.648.146	2.648.146	*Net*
Bagian yang jatuh tempo dalam 1 tahun	(849.778)	(843.384)	*Amount due within 1 year*
Bagian jangka panjang	**1.798.368**	**1.804.762**	***Non-current portion***

(Expressed in millions of Rupiah,
unless otherwise stated)

15. HUTANG KEPADA PEMERINTAH (lanjutan)

15. DUE TO THE GOVERNMENT (continued)

d. Kewajiban Sewa Pembiayaan atas Pemakaian Barang Milik Negara oleh PT Pertamina EP (lanjutan)

d. Finance Lease Liability involving State-Owned Assets Utilized by PT Pertamina EP (continued)

Rincian bagian yang jatuh tempo dalam 1 tahun pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Details of amounts due within 1 year as of December 31, 2009 and 2008 are as follows:

	2009	2008	
Pokok:			*Principal:*
- 2003 - 2007	833.128	833.128	*2003 - 2007 -*
- 2008	4.747	4.747	*2008 -*
- 2009	5.509	5.509	*2009 -*
- 2010	6.394	-	*2010 -*
Sub jumlah	849.778	843.384	*Sub total*
Bunga:			*Interest:*
- 2003 - 2007	424.980	424.980	*2003 - 2007 -*
- 2008	291.278	291.278	*2008 -*
- 2009	290.515	-	*2009 -*
Sub jumlah	1.006.773	716.258	*Sub total*
Bagian yang jatuh tempo dalam 1 tahun	**1.856.551**	**1.559.642**	***Amount due within 1 year***

e. Pinjaman Proyek Pembangunan Depot Pengisian Pesawat Udara (DPPU) Ngurah Rai

e. Ngurah Rai Airport Refuelling Facility (DPPU) Construction Project Loan

Pada tanggal 7 Mei 2007, Pemerintah meneruskan pinjaman sebesar Yen1.172.872.837 (nilai penuh) yang diperoleh dari *Overseas Economic Cooperation Fund* (OECF) Jepang kepada Perusahaan untuk proyek pembangunan DPPU Ngurah Rai sesuai dengan perjanjian pinjaman tanggal 29 November 1994.

On May 7, 2007, the Government channeled a loan amounting to Yen1,172,872,837 (full amount) obtained from the Overseas Economic Cooperation Fund (OECF) Japan to the Company in relation to the construction of the Ngurah Rai Airport refuelling facility in accordance with a loan agreement dated November 29, 1994.

Pinjaman tersebut harus dilunasi dalam 36 (tiga puluh enam) kali cicilan semesteran mulai Mei 2007 sampai dengan November 2024, dan dikenakan suku bunga 3,1% per tahun.

The loan is repayable in 36 (thirty-six) semi-annual installments commencing in May 2007 through November 2024, and is subject to interest at the rate of 3.1% per annum.

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG / *16. LONG-TERM LIABILITIES*

	2009	2008	
Pinjaman Bank dan Lainnya:			***Bank Loans and Other:***
Perusahaan:			***The Company:***
Kewajiban yang penyelesaiannya dari proyek yang didanai *(Non-recourse)*:			***Liabilities for which settlements are from the projects funded (Non-recourse):***
Hutang proyek:			*Project financing:*
RCC Off-Gas Propylene Project (ROPP) - Balongan			*RCC Off-Gas Propylene Project (ROPP) - Balongan*
The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	1.208.572	-	*The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)*
Proyek Pagardewa			*Pagardewa project*
The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	809.444	1.697.250	*The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)*
Hutang eksplorasi:			*Exploration loan:*
Indonesia Nippon Cooperation Co. Ltd. (INOCO)	-	59.615	*Indonesia Nippon Cooperation Co. Ltd. (INOCO)*
Sub jumlah kewajiban jangka panjang - *non-recourse*	**2.018.016**	**1.756.865**	***Sub total long-term liabilities - non-recourse***
Kewajiban yang pelunasannya dilakukan secara tunai *(dengan recourse)*:			***Liability involving settlements by cash (with recourse):***
Banque Nationale de Paris Paribas	6.580.000	-	*Banque Nationale de Paris Paribas*
PT Bank Mandiri (Persero) Tbk	3.940.000	-	*PT Bank Mandiri (Persero) Tbk*
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.760.000	-	*The Bank of Tokyo-Mitsubishi UFJ, Ltd.*
Credit Suisse International	2.614.375	4.790.625	*Credit Suisse International*
PT Bank Rakyat Indonesia (Persero) Tbk	1.645.000	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
Sub jumlah kewajiban jangka panjang - dengan *recourse*	**18.539.375**	**4.790.625**	***Sub total long-term liabilities - with recourse***
Jumlah - Perusahaan	**20.557.391**	**6.547.490**	***Total - Company***

(Expressed in millions of Rupiah,
unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

16. LONG-TERM LIABILITIES (continued)

	2009	2008	
Pinjaman Bank:			***Bank Loans:***
Anak Perusahaan:			***Subsidiaries:***
PT Bank CIMB Niaga Tbk:			*PT Bank CIMB Niaga Tbk:*
PT Pertamina Tongkang	52.997	61.736	*PT Pertamina Tongkang*
PT Patra Niaga	25.119	14.440	*PT Patra Niaga*
PT Patra Jasa	10.705	13.576	*PT Patra Jasa*
PT Bank Syariah Mandiri:			*PT Bank Syariah Mandiri:*
PT Tugu Pratama Indonesia	48.912	-	*PT Tugu Pratama Indonesia*
PT Bank Central Asia Tbk:			*PT Bank Central Asia Tbk:*
PT Pertamina Bina Medika	24.198	9.120	*PT Pertamina Bina Medika*
PT Bank Agroniaga Tbk:			*PT Bank Agroniaga Tbk:*
PT Patra Niaga	18.000	24.000	*PT Patra Niaga*
PT Bank Bukopin Tbk:			*PT Bank Bukopin Tbk:*
PT Patra Niaga	14.952	17.803	*PT Patra Niaga*
PT Bank Mandiri (Persero) Tbk:			*PT Bank Mandiri (Persero) Tbk:*
PT Pelita Air Service	-	10.219	*PT Pelita Air Service*
Lain-lain	667	1.467	*Others*
Jumlah - Anak Perusahaan	**195.550**	**152.361**	***Total - Subsidiaries***
Jumlah Pinjaman Bank	**20.752.941**	**6.699.851**	***Total Bank Loans***
Kewajiban Sewa Pembiayaan:			***Finance Lease Liabilities:***
Perusahaan:			***The Company:***
Mobil tangki BBM dan LPG	643.616	736.956	*Fuel and LPG truck tankers*
Server komputer	89.535	86.327	*Computer servers*
Bare Boat Hire Purchase Contracts (BBHP)	-	28.535	*Bare Boat Hire Purchase Contracts (BBHP)*
Jumlah - Perusahaan	**733.151**	**851.818**	***Total - Company***
Anak Perusahaan:			***Subsidiaries:***
Kewajiban sewa pembiayaan:			*Finance lease liabilities:*
PT Pertamina EP	680.625	978.542	*PT Pertamina EP*
PT Pelita Air Service	29.986	45.447	*PT Pelita Air Service*
Lain-lain	24.620	1.176	*Others*
Jumlah - Anak Perusahaan	**735.231**	**1.025.165**	***Total - Subsidiaries***
Jumlah Kewajiban Sewa Pembiayaan	**1.468.382**	**1.876.983**	***Total Finance Lease Liabilities***
Jumlah kewajiban jangka panjang	**22.221.323**	**8.576.834**	***Total long-term liabilities***
Bagian yang jatuh tempo dalam satu tahun	**(5.109.412)**	**(2.996.148)**	***Current portion***
Bagian jangka panjang	**17.111.911**	**5.580.686**	***Non-current portion***

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan

a) RCC (*Residue Catalytic Cracking*) Off-Gas Propylene Project (ROPP) - Balongan

Pada tanggal 30 Desember 2008, Perusahaan menandatangani perjanjian pinjaman *trust borrowing ("Trust Agreement")* dengan HSBC Bank, USA, *("ROPP Trustee")* dan Banque Nationale de Paris Paribas (BNP Paribas) - Tokyo, The Sumitomo Trust & Banking Co., Ltd. (SMBC), dan HSBC - Tokyo (pemberi pinjaman), untuk mengembangkan RCC Off-Gas Propylene Project (ROPP) berlokasi di Kilang Balongan. Pinjaman sebesar USD225.000.000 (nilai penuh) bisa digunakan mulai kuartal ketiga tahun 2008 sampai dengan tahun 2009.

Pinjaman ini dikenakan bunga sebesar 0,60% di atas LIBOR per tahun dan pelunasan dibayarkan melalui penjualan produk *Low Sulphur Waxy Residue* (LSWR) V-500 kepada Toyota Tsusho Corporation. Pada tahun 2009, pelunasan akan dilakukan terhadap biaya bunga selama masa konstruksi dan pada tahun 2010 pelunasan akan dilakukan terhadap pokok dan bunga pinjaman. Pinjaman tersebut dibayarkan setiap triwulanan mulai tanggal 15 Juni 2009 dan akan jatuh tempo pada tanggal 15 Februari 2011.

b) Proyek Pagardewa

Pada tanggal 6 Januari 2005, Perusahaan mengadakan Pagardewa Trust Agreement *("Trust Agreement")* dengan HSBC Bank USA, National Association *("Pagardewa Trustee")* meliputi pengembangan dan konstruksi yang berhubungan dengan fasilitas-fasilitas lapangan gas di wilayah Pagardewa, Sumatera Selatan.

Berdasarkan perjanjian tersebut, Pagardewa Trustee diberikan wewenang untuk, antara lain, memperoleh pinjaman untuk mendanai Proyek Pagardewa dan membuka rekening perwalian untuk menerima pembayaran yang berasal dari "Product Sales Agreement" dengan Mitsubishi Corporation dan sarana pelunasan pinjaman.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company

a) RCC (Residue Catalytic Cracking) Off-Gas Propylene Project (ROPP) - Balongan

On December 30, 2008, the Company signed a trust borrowing agreement ("Trust Agreement") with HSBC Bank, USA ("ROPP Trustee") and Banque Nationale de Paris Paribas (BNP Paribas) - Tokyo, The Sumitomo Trust & Banking Co., Ltd. (SMBC), and HSBC - Tokyo (as lender), to develop the RCC Off-Gas Propylene Project (ROPP) located at the Balongan refinery. The principal amount of US$225,000,000 (full amount) may be utilized from the third quarter of 2008 through 2009.

This loan agreement is subject to interest at LIBOR plus 0.60% per annum and repayments will be made from proceeds of sales of Low Sulphur Waxy Residue (LSWR) V-500 to Toyota Tsusho Corporation. In 2009, repayments shall be applied to interest during the construction period and in 2010, repayments shall be applied to principal and interest. The loan is repayable in quarterly installments starting from June 15, 2009 through February 15, 2011.

b) Pagardewa Project

On January 6, 2005, the Company entered into a Pagardewa Trust Agreement ("Trust Agreement") with HSBC Bank USA, National Association ("Pagardewa Trustee") involving the development of and related construction of gas field facilities in the Pagardewa area, South Sumatera.

Pursuant to this agreement, the Pagardewa Trustee is authorized, among others, to borrow funds to finance the Pagardewa Project and to maintain a trust account to which amounts arising from the related "Product Sales Agreement" with Mitsubishi Corporation are transferred and from which loan settlements are made.

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

b) Proyek Pagardewa (lanjutan)

Pada tanggal 6 Januari 2005, HSBC Bank USA, National Association *("Pagardewa Trustee"),* mengadakan perjanjian pinjaman dengan Pagardewa Project Finance Ltd. (*Tranche A Lender*) dan The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Calyon, ING Bank N.V., dan Mizuho Corporate Bank, Ltd. (*Tranche B Lenders*) dengan pokok pinjaman maksimal sebesar USD310.000.000 (nilai penuh). Beban bunga pinjaman ini adalah LIBOR + 2,65% per tahun. Pembayaran pinjaman dilakukan dengan cicilan triwulanan mulai Desember 2006 sampai dengan Desember 2010.

Perjanjian ini diperbaharui pada tanggal 10 Juni 2008. Berdasarkan perjanjian ini semua pihak setuju untuk mengurangi marjin bunga di atas LIBOR, mengurangi bunga keterlambatan atas pokok pinjaman terhutang atau jumlah terhutang lainnya yang telah jatuh tempo, dan mengurangi saldo yang tersedia pada akun cadangan (Catatan 4). Dengan demikian, beban bunga pinjaman ini menjadi sebesar 1,55% diatas LIBOR per tahun efektif dari tanggal 10 Juni 2008.

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO)

Pertamina Lama dan INOCO melakukan perjanjian pinjaman pada tanggal 30 Oktober 1979, dimana INOCO setuju untuk membiayai kegiatan operasional, pekerjaan dan/atau fasilitas sehubungan dengan kegiatan eksplorasi Pertamina Lama di Pakam Timur, Nanggroe Aceh Darussalam (Unit I) dan Cilamaya Utara, Jawa Barat (Unit III). Perjanjian pinjaman mengatur jumlah pokok pinjaman maksimum adalah sebesar USD160.000.000 (nilai penuh).

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

b) Pagardewa Project (continued)

On January 6, 2005, HSBC Bank USA, National Association ("Pagardewa Trustee") entered into a loan agreement with Pagardewa Project Finance Ltd. (Tranche A Lender) and The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Calyon, ING Bank N.V., and Mizuho Corporate Bank, Ltd. (Tranche B Lenders) for a maximum principal amount of US$310,000,000 (full amount). The loans are subject to interest at LIBOR plus 2.65% per annum. The loans are repayable in quarterly installments starting from December 2006 through December 2010.

This agreement has been amended on June 10, 2008. Based on this amendment, all lenders agreed to reduce the applicable interest margin over LIBOR, reduce the interest on overdue loan principal or other overdue amounts, and reduce the amount required to be accumulated in the Regular Reserve Account (Note 4). Accordingly, the loan is subject to interest at LIBOR plus 1.55% per annum effective from June 10, 2008.

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO)

The former Pertamina Entity and INOCO entered into a loan agreement on October 30, 1979 whereby INOCO agreed to finance the operations, work and/or facilities related to the former Pertamina Entity's exploration activities in Pakam Timur, Nanggroe Aceh Darussalam (Unit I) and Cilamaya Utara, West Java (Unit III). The loan agreement provides for a maximum principal amount of US$160,000,000 (full amount).

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO) (lanjutan)

Pinjaman tersebut dikenakan suku bunga tetap sebesar 6% per tahun dan pembayaran dilakukan setiap 6 bulan dengan melakukan *offsetting* antara jumlah penjualan atas minyak mentah dan gas bumi kepada INOCO dengan saldo pinjaman yang terhutang.

Perusahaan telah mengakui pembebasan atas saldo terhutang pinjaman jangka panjang yang diperoleh dari INOCO untuk Unit I operasi hulu sebesar Rp931.077 sebagai pendapatan lain-lain pada tahun 2006.

Pengakuan pembebasan atas saldo hutang jangka panjang Unit I operasi hulu tersebut di atas sesuai dengan isi perjanjian pinjaman yang menyebutkan bahwa Perusahaan dibebaskan dari kewajiban untuk membayar sisa saldo hutang jangka panjang 10 (sepuluh) tahun setelah dimulainya produksi komersial. Pembebasan atas saldo hutang jangka panjang tersebut didokumentasikan dalam suatu memorandum pembebasan hutang yang ditandatangani pada tanggal 10 April 2008 yang menyatakan bahwa tanggal efektif atas pembebasan saldo hutang Unit I operasi hulu tersebut adalah 31 Juli 2006.

Pada tanggal 10 Desember 2008, Perusahaan dan INOCO telah menandatangani memorandum pembebasan hutang yang menyebutkan bahwa Perusahaan dibebaskan dari kewajiban membayar saldo hutang jangka panjang untuk Unit III operasi hulu.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO) (continued)

The loan is subject to interest at a fixed annual rate of 6% and is repayable semi-annually by applying the total sales of crude oil and natural gas to INOCO against the outstanding balance of the loan.

The Company recognized the waiver of the outstanding long-term loan balance from INOCO involving Unit I upstream operations amounting to Rp931,077 as other income in 2006.

The recognition of the waiver of the outstanding Unit I upstream operations long-term loan balance as stated above is in accordance with the provisions of the loan agreement which stipulates that the Company shall be released from payment of the outstanding balance of the long-term loan 10 (ten) years after the commencement of commercial production. The waiver of the outstanding long-term loan balance is documented in a memorandum of release of obligation signed on April 10, 2008, which states that the effective date of the waiver of the Unit I upstream operations loan is July 31, 2006.

On December 10, 2008, the Company and INOCO signed a memorandum of release of obligations which states that the Company has been released from payment of the outstanding balance of the Unit III upstream operations long-term loan.

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO) (lanjutan)

Memorandum tersebut menyebutkan bahwa tanggal efektif atas pembebasan saldo hutang Unit III operasi hulu adalah tanggal 31 Juli 2008.

Perusahaan telah mengakui pembebasan atas saldo terhutang pinjaman jangka panjang yang diperoleh dari INOCO untuk Unit III operasi hulu sebesar Rp760.741 (setelah dikurangi pembayaran sebesar USD5.444.337 atau setara Rp59.615 yang dibayarkan kepada INOCO pada bulan Maret 2009) sebagai pendapatan lain-lain pada tahun 2008 (Catatan 4). Pinjaman ini telah dilunasi pada tahun 2009.

d) Banque Nationale de Paris Paribas (BNP Paribas)

Pada tanggal 10 Desember 2009, Perusahaan dan BNP Paribas dalam hal ini bertindak sebagai agen fasilitas, dan 8 (delapan) bank ("para kreditur") menandatangani perjanjian kredit atas fasilitas pinjaman sindikasi untuk belanja modal Perusahaan dan/atau Anak Perusahaan, kegiatan umum Perusahaan, dan biaya tertentu sehubungan dengan perjanjian dengan nilai USD700.000.000 (nilai penuh).

Fasilitas tersebut dibebani bunga sebesar 2,85% diatas LIBOR per tahun. Pinjaman tersebut dibayarkan setiap semesteran, dengan angsuran pertama dilakukan pada tanggal 25 Desember 2011 dan angsuran terakhir pada tanggal 25 Desember 2014.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

c) Indonesia Nippon Cooperation Co. Ltd. (INOCO) (continued)

The memorandum states that the effective date of the waiver of the Unit III upstream operations loan is July 31, 2008.

The Company recognized the waiver of the outstanding long-term loan balance from INOCO involving Unit III upstream operations amounting to Rp760,741 (net of US$5,444,337 or equivalent to Rp59,615 which was paid to INOCO in March 2009) as other income in 2008 (Note 4). This loan has been fully repaid in 2009.

d) Banque Nationale de Paris Paribas (BNP Paribas)

On December 10, 2009, the Company together with BNP Paribas in its capacity acting as the facility agent, and 8 (eight) banks ("the creditors") signed a credit agreement for a syndicated loan facility for an amount of US$700,000,000 (full amount) for funding the Company's and/or Subsidiary's capital expenditures, the Company's general activities and for certain costs relating to this agreement.

The loan is subject to interest at LIBOR plus 2.85% per annum. The loan is repayable semi-annually, with the first installment due on December 25, 2011 and the final installment due on December 25, 2014.

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

e) PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

1) Pinjaman dalam mata uang asing

Pada tanggal 16 Desember 2009, Perusahaan dan Bank Mandiri ("kreditur") menandatangani perjanjian kredit, yang akan digunakan Perusahaan untuk membiayai kegiatan umum dan belanja modal Perusahaan dengan nilai USD350.000.000 (nilai penuh). Pada tanggal 31 Desember 2009, pinjaman yang terhutang sebesar USD100.000.000 (nilai penuh) atau setara dengan Rp940.000.

Fasilitas tersebut dibebani bunga sebesar 3,8% diatas LIBOR per tahun. Pinjaman tersebut dibayarkan setiap semesteran, dengan angsuran pertama dilakukan pada tanggal 25 Maret 2010 dan angsuran terakhir pada tanggal 25 Desember 2014.

2) Pinjaman dalam mata uang lokal

Pada tanggal 31 Juli 2009, Perusahaan dan Bank Mandiri dalam hal ini bertindak sebagai agen fasilitas, dan 4 (empat) bank ("kreditur") menandatangani perjanjian kredit atas fasilitas pinjaman sindikasi untuk membiayai kegiatan umum Perusahaan dan belanja modal Perusahaan dan/atau Anak Perusahaan sejumlah Rp3.000.000.

Fasilitas tersebut dibebani bunga sebesar 2,75% diatas JIBOR per tahun. Pinjaman tersebut dibayarkan setiap semesteran, dengan angsuran pertama dilakukan pada tanggal 25 April 2010 dan angsuran terakhir pada tanggal 25 Juli 2012.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

e) PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

1) Loan in foreign currency

On December 16, 2009, the Company and Bank Mandiri ("creditor") signed a credit agreement, for an amount of US$350,000,000 (full amount), for the Company's general activities and capital expenditures. As of December 31, 2009, the outstanding loan amounted to US$100,000,000 (full amount) or equivalent to Rp940,000.

The loan is subject to interest at LIBOR plus 3.8% per annum. The loan is repayable semi-annually, with the first installment due on March 25, 2010 and the final installment due on December 25, 2014.

2) Loan in local currency

On July 31, 2009, the Company together with Bank Mandiri acting in its capacity as facility agent, and 4 (four) banks ("the creditors") signed a credit agreement for a syndicated loan facility for an amount of Rp3,000,000 for the Company's general activities and for the Company's and/or Subsidiaries' capital expenditures.

The loan is subject to interest at JIBOR plus 2.75% per annum. The loan is repayable semi-annually, with the first installment due on April 25, 2010 and the final installment due on July 25, 2012.

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

f) The Bank of Tokyo - Mitsubishi UFJ, Ltd.

Pada tanggal 31 Juli 2009, Perusahaan dan The Bank of Tokyo-Mitsubishi UFJ, Ltd. dalam hal ini bertindak sebagai agen fasilitas, dan 16 (enam belas) (“kreditur”) menandatangani perjanjian kredit atas fasilitas pinjaman sindikasi untuk mendanai belanja modal Perusahaan dan/atau Anak Perusahaan, kegiatan umum Perusahaan, dan biaya tertentu sehubungan dengan perjanjian dengan nilai USD400.000.000 (nilai penuh).

Fasilitas tersebut dibebani bunga sebesar 3,38% diatas LIBOR per tahun. Pinjaman tersebut dibayarkan setiap triwulanan, dengan angsuran pertama dilakukan pada tanggal 7 Mei 2010 dan angsuran terakhir pada tanggal 6 Agustus 2012.

g) Credit Suisse International

Pada tanggal 15 Desember 2006, Perusahaan dan Credit Suisse International dalam hal ini bertindak sebagai “*lead arranger*” dan The Hongkong and Shanghai Banking Corporation Ltd. dalam hal ini bertindak sebagai agen fasilitas, dan 26 (dua puluh enam) bank dan lembaga keuangan (“kreditur”) menandatangani perjanjian kredit atas fasilitas pinjaman sindikasi untuk belanja modal Perusahaan dengan nilai USD500.000.000 (nilai penuh). Perjanjian tersebut telah diperbaharui pada tanggal 30 April 2007.

Pada tanggal 9 Febuari 2009, Perusahaan melakukan pelunasan dipercepat untuk seluruh pinjaman terhutang atas pinjaman dari PT Bank Danamon Indonesia Tbk dan tanggal 11 Mei 2009, Perusahaan kembali melakukan pelunasan dipercepat atas sebagian saldo pinjaman terhutang porsi PT Bank CIMB Niaga Tbk.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

f) The Bank of Tokyo - Mitsubishi UFJ, Ltd.

On July 31, 2009, the Company together with The Bank of Tokyo-Mitsubishi UFJ, Ltd. acting in its capacity as the facility agent, and 16 (sixteen) banks (“the creditors”) signed a credit agreement for a syndicated loan facility for an amount of US$400,000,000 (full amount) for funding the capital expenditures of the Company’s and/or Subsidiaries’ projects, the Company’s general activities and for certain costs relating to this agreement.

The loan is subject to interest at LIBOR plus 3.38% per annum. The loan is repayable in quarterly installments, with the first installment due on May 7, 2010 and the final installment due on August 6, 2012.

g) Credit Suisse International

On December 15, 2006, the Company together with Credit Suisse International acting in its capacity as the “lead arranger” and The Hongkong and Shanghai Banking Corporation Ltd. acting in its capacity as facility agent, and 26 (twenty six) banks and financial institutions (“the creditors”) signed a credit agreement for a syndicated loan facility for an amount of US$500,000,000 (full amount) for funding the Company’s capital expenditures. This agreement has been amended on April 30, 2007.

On February 9, 2009, the Company repaid the outstanding loan from PT Bank Danamon Indonesia Tbk and on May 11, 2009, the Company made an early repayment of the portion of the outstanding loan from PT Bank CIMB Niaga Tbk.

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

i. Pinjaman Bank dan Lainnya - Perusahaan (lanjutan)

g) Credit Suisse International (lanjutan)

Berdasarkan *Letter of the Facility Agent Resignation and Appointment* tanggal 9 Juli 2009, PT Bank Mandiri (Persero) Tbk yang kini bertindak sebagai agen fasilitas pengganti menggantikan The Hongkong and Shanghai Banking Corporation Ltd., agen fasilitas yang digantikan. Pada saat tanggal efektif, segala hak dan kewajiban sebagai agen fasilitas yang digantikan dalam kapasitasnya telah dipindahkan kepada agen fasilitas pengganti. Fasilitas tersebut dibebani bunga sebesar 1,75% diatas LIBOR per tahun. Pembayaran pinjaman dilakukan dengan cicilan triwulanan mulai 7 Agustus 2008 sampai dengan 7 Mei 2012.

h) PT Bank Rakyat Indonesia (Persero) Tbk (Bank BRI)

Pada tanggal 16 Desember 2009, Perusahaan dan Bank BRI menandatangani perjanjian kredit modal kerja yang akan digunakan untuk membiayai kegiatan umum Perusahaan dan belanja modal Perusahaan dan/atau Anak Perusahaan dengan nilai sebesar USD225.000.000 (nilai penuh). Pada tanggal 31 Desember 2009, penarikan dana yang telah dilakukan sebesar USD175.000.000 (nilai penuh) atau setara dengan Rp1.645.000.

Fasilitas tersebut dibebani bunga sebesar 3,8% diatas LIBOR per tahun. Pinjaman tersebut dibayarkan setiap semesteran, dengan angsuran pertama dilakukan pada tanggal 25 Desember 2011 dan angsuran terakhir pada tanggal 25 Desember 2014.

Perjanjian pinjaman kepada BNP Paribas, Bank Mandiri, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Credit Suisse International dan Bank BRI memberikan batasan-batasan tertentu seperti batasan informasi, keuangan dan umum yang harus dipenuhi oleh Perusahaan seperti Perusahaan tidak diijinkan untuk melakukan perubahan bisnis yang substansial dan melakukan merger.

16. LONG-TERM LIABILITIES (continued)

i. Bank Loans and Other - the Company (continued)

g) Credit Suisse International (continued)

Based on the Letter of the Facility Agent Resignation and Appointment dated July 9, 2009, PT Bank Mandiri (Persero) Tbk acting in its capacity as the successor facility agent has replaced The Hongkong and Shanghai Banking Corporation Ltd., the retiring facility agent. On the effectivity date, all retiring facility agent's rights and obligations in its capacity as facility agent have been transferred to the successor facility agent. The loan is subject to interest at LIBOR plus 1.75% per annum. The loan is repayable in quarterly installments starting from August 7, 2008 through May 7, 2012.

h) PT Bank Rakyat Indonesia (Persero) Tbk (Bank BRI)

On December 16, 2009, the Company and Bank BRI signed a working capital loan agreement for an amount of US$225,000,000 (full amount), for the Company's general purposes and for funding the Company's and/or Subsidiaries' capital expenditures. As of December 31, 2009, drawdowns amounted to US$175,000,000 (full amount) or equivalent to Rp1,645,000.

The loan is subject to interest at LIBOR plus 3.8% per annum. The loan is repayable semi-annually, with the first installment due on December 25, 2011 and the final installment due on December 25, 2014.

The loan agreements with BNP Paribas, Bank Mandiri, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Credit Suisse International and Bank BRI involve certain covenants such as information, financial and general covenants that must be met by the Company, such as ensuring that there is no substantial change in the general business of the Company and that the Company does not enter into mergers.

(Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan

PT Pertamina Tongkang

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

Pada tahun 2006, PT Pertamina Tongkang menandatangani perjanjian pemberian fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:

Jenis fasilitas	: Kredit Investasi
Saldo terhutang	: 2009: - USD5.637.957 (nilai penuh) atau setara dengan Rp52.997 2008: - USD5.637.957 (nilai penuh) atau setara dengan Rp61.736
Fasilitas maksimum	: USD6.500.000 (nilai penuh)
Suku bunga	: SIBOR + 2,75% per tahun
Jatuh tempo	: 60 (enam puluh) bulan
Jaminan	: Deposito berjangka senilai dengan pinjamannya
Bagian yang jatuh tempo setahun	: 2009: Rp52.997 2008: -

PT Tugu Pratama Indonesia (TPI)

PT Bank Syariah Mandiri

Pada tahun 2009, PT Pratama Mitra Sejati, Anak Perusahaan dari PT Tugu Pratama Indonesia, menandatangani perjanjian pemberian fasilitas kredit dengan Bank Syariah Mandiri, sebagai berikut:

Jenis fasilitas	: Kredit Pembiayaan Al-Murabahah
Saldo terhutang	: Rp48.912
Fasilitas maksimum	: Rp100.000
Suku bunga	: sistem bagi hasil
Jatuh tempo	: 42 (empat puluh dua) bulan
Jaminan	: Sebidang tanah serta bangunan dengan bukti kepemilikan sertifikat Hak Guna Bangunan (HGB)
Bagian yang jatuh tempo setahun	: Rp11.509

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries

PT Pertamina Tongkang

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

In 2006, PT Pertamina Tongkang entered into a credit facility agreement with Bank CIMB Niaga, as follows:

Type of facility	*: Investment Credit*
Outstanding balance	*: 2009: - US$5,637,957 (full amount) or equivalent to Rp52,997* *2008: - US$5,637,957 (full amount) or equivalent to Rp61,736*
Maximum facility	*: US$6,500,000 (full amount)*
Interest rate	*: SIBOR plus 2.75% per annum*
Maturity	*: 60 (sixty) months*
Security	*: Time deposits in an amount equal to the loan*
Current portion	*: 2009: Rp52,997* *2008: -*

PT Tugu Pratama Indonesia (TPI)

PT Bank Syariah Mandiri

In 2009, PT Pratama Mitra Sejati, a Subsidiary of PT Tugu Pratama Indonesia, entered into a credit facility agreement with Bank Syariah Mandiri, as follows:

Type of facility	*: Al-Murabahah financing*
Outstanding balance	*: Rp48,912*
Maximum facility	*: Rp100,000*
Interest rate	*: profit sharing system*
Maturity	*: 42 (forty-two) months*
Security	*: A piece of land and a building with certificate of Building Use Right (HGB)*
Current portion	*: Rp11,509*

(Expressed in millions of Rupiah,
unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan (lanjutan)

PT Patra Niaga

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

Pada tahun 2009, PT Patra Niaga menandatangani perjanjian pemberian fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:

Jenis fasilitas	:	Pinjaman Transaksi Khusus
Saldo terhutang	:	2009: Rp14.519
Fasilitas maksimum	:	Rp30.564
Suku bunga	:	SBI satu bulan + 2,75% per tahun + *liquidity premium* 1,5%
Jatuh tempo	:	21 Januari 2014
Jaminan	:	- Deposito berjangka - Piutang usaha dari pihak ketiga
Bagian yang jatuh tempo setahun	:	2009: -

Pada tahun 2007, PT Patra Niaga menandatangani perjanjian pemberian fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:

Jenis fasilitas	:	Pinjaman Transaksi Khusus
Saldo terhutang	:	2009: Rp10.600 2008: Rp14.440
Fasilitas maksimum	:	Rp17.000
Suku bunga	:	Sertifikat bank Indonesia BI (SBI) satu bulan + 2,75% per tahun
Jatuh tempo	:	26 September 2012
Jaminan	:	- Deposito berjangka - Piutang dari pihak ketiga
Bagian yang jatuh tempo setahun	:	2009: Rp3.840 2008: Rp3.840

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries (continued)

PT Patra Niaga

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

In 2009, PT Patra Niaga entered into a credit facility agreement with Bank CIMB Niaga, as follows:

Type of facility	:	*Special Transaction Loan*
Outstanding balance	:	*2009: Rp14,519*
Maximum facility	:	*Rp30,564*
Interest rate	:	*One month SBI interest rate plus 2.75% per annum plus a liquidity premium of 1.5%*
Maturity	:	*January 21, 2014*
Security	:	*- Time deposits* *- Trade accounts receivable from third parties*
Current portion	:	*2009: -*

In 2007, PT Patra Niaga entered into a credit facility agreement with Bank CIMB Niaga, as follows:

Type of facility	:	*Special Transaction Loan*
Outstanding balance	:	*2009: Rp10,600* *2008: Rp14,440*
Maximum facility	:	*Rp17,000*
Interest rate	:	*One month Bank Indonesia certificate (SBI) interest rate plus 2.75% per annum*
Maturity	:	*September 26, 2012*
Security	:	*- Time deposits* *- Accounts receivable from third parties*
Current portion	:	*2009: Rp3,840* *2008: Rp3,840*

(Expressed in millions of Rupiah,
unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan (lanjutan)

PT Patra Niaga (lanjutan)

PT Bank Agroniaga Tbk (Bank Agro)

Pada tahun 2008, PT Patra Trading, Anak Perusahaan dari PT Patra Niaga, menandatangani perjanjian perubahan pemberian fasilitas kredit dengan Bank Agro, sebagai berikut:

Jenis fasilitas	:	Pinjaman Tetap Reguler (Baru) - Modal Kerja
Saldo terhutang	:	2009: Rp18.000 2008: Rp24.000
Fasilitas maksimum	:	Rp29.000
Suku bunga	:	17% per tahun (mengambang)
Jatuh tempo	:	48 (empat puluh delapan) bulan
Jaminan	:	-
Bagian yang jatuh tempo setahun	:	2009: Rp6.000 2008: Rp6.000

PT Bank Bukopin Tbk (Bank Bukopin)

Pada tahun 2007, PT Patra Niaga menandatangani perjanjian pemberian fasilitas kredit dengan Bank Bukopin, sebagai berikut:

Jenis fasilitas	:	Kredit Investasi
Saldo terhutang	:	2009: Rp14.952 2008: Rp17.803
Fasilitas maksimum	:	Rp20.540
Suku bunga	:	SBI + 4% per tahun
Jatuh tempo	:	5 (lima) tahun
Jaminan	:	Tagihan *filling fee* ke PT Patra Niaga sebesar Rp14.025, mesin pengisian LPG, dan deposito berjangka sebesar Rp1.050
Bagian yang jatuh tempo setahun	:	2009: Rp4.155 2008: Rp2.809

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries (continued)

PT Patra Niaga (continued)

PT Bank Agroniaga Tbk (Bank Agro)

In 2008, PT Patra Trading, a Subsidiary of PT Patra Niaga, entered into a credit facility amendment agreement with Bank Agro, as follows:

Type of facility	:	*Regular Fixed Loan (New) - Working Capital*
Outstanding balance	:	*2009: Rp18,000* *2008: Rp24,000*
Maximum facility	:	*Rp29,000*
Interest rate	:	*17% per annum (floating)*
Maturity	:	*48 (forty-eight) months*
Security	:	*-*
Current portion	:	*2009: Rp6,000* *2008: Rp6,000*

PT Bank Bukopin Tbk (Bank Bukopin)

In 2007, PT Patra Niaga entered into a credit facility agreement with Bank Bukopin, as follows:

Type of facility	:	*Investment Credit*
Outstanding balance	:	*2009: Rp14,952* *2008: Rp17,803*
Maximum facility	:	*Rp20,540*
Interest rate	:	*SBI plus 4% per annum*
Maturity	:	*5 (five) years*
Security	:	*Filling fees proceeds due to PT Patra Niaga amounting to Rp14,025, a LPG filling carrousel and a time deposit amounting to Rp1,050*
Current portion	:	*2009: Rp4,155* *2008: Rp2,809*

(Expressed in millions of Rupiah,
unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan (lanjutan)

PT Pertamina Bina Medika

PT Bank Central Asia Tbk (Bank BCA)

Pada tahun 2009, PT Pertamina Bina Medika menandatangani perjanjian pemberian fasilitas kredit dengan Bank BCA sebagai berikut:

Jenis fasilitas	: Kredit Investasi
Fasilitas maksimum kredit investasi	: Rp23.000
Suku bunga	: 10,5% per tahun
Jatuh tempo	: 29 Mei 2012

Pada tahun 2005, PT Pertamina Bina Medika menandatangani perjanjian pemberian fasilitas kredit dengan Bank BCA, sebagai berikut:

Jenis fasilitas	: Kredit Investasi
Fasilitas maksimum kredit investasi	: Rp12.600
Suku bunga	: 13,5% per tahun
Jatuh tempo	: 4 Mei 2010

Pada tahun 2004, PT Pertamina Bina Medika menandatangani perjanjian pemberian fasilitas kredit dengan Bank BCA, sebagai berikut:

Jenis fasilitas	: Kredit Investasi
Fasilitas maksimum kredit investasi	: Rp21.088
Suku bunga	: 13% per tahun
Jatuh tempo	: 14 Maret 2010

Posisi kewajiban atas ketiga fasilitas tersebut dengan Bank BCA adalah sebagai berikut:

Saldo terhutang	: 2009: Rp24.198 2008: Rp9.120
Jaminan	: Peralatan medik dan kendaraan medik yang dibeli dengan menggunakan fasilitas kredit tersebut
Bagian yang jatuh tempo setahun	: 2009: Rp11.165 2008: Rp7.155

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries (continued)

PT Pertamina Bina Medika

PT Bank Central Asia Tbk (Bank BCA)

In 2009, PT Pertamina Bina Medika entered into a credit facility agreement with Bank BCA, as follows:

Type of facility	*: Investment Credit*
Maximum investment credit facility	*: Rp23,000*
Interest rate	*: 10.5% per annum*
Maturity	*: May 29, 2012*

In 2005, PT Pertamina Bina Medika entered into a credit facility agreement with Bank BCA, as follows:

Type of facility	*: Investment Credit*
Maximum investment credit facility	*: Rp12,600*
Interest rate	*: 13.5% per annum*
Maturity	*: May 4, 2010*

In 2004, PT Pertamina Bina Medika entered into a credit facility agreement with Bank BCA, as follows:

Type of facility	*: Investment Credit*
Maximum investment credit facility	*: Rp21,088*
Interest rate	*: 13% per annum*
Maturity	*: March 14, 2010*

The liability position involving all credit facilities with Bank BCA is as follows:

Outstanding balance	*: 2009: Rp24,198* *2008: Rp9,120*
Security	*: Medical equipment and vehicles purchased using the credit facility*
Current portion	*: 2009: Rp11,165* *2008: Rp 7,155*

(Expressed in millions of Rupiah,
unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan (lanjutan)

PT Patra Jasa

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

Pada tahun 2008, PT Patra Jasa menandatangani perjanjian pemberian fasilitas kredit dengan Bank CIMB Niaga, sebagai berikut:

Jenis fasilitas	:	Pinjaman Transaksi Khusus Fasilitas Langsung atas Basis Likuidasi
Saldo terhutang	:	2009: Rp10.705 2008: Rp13.576
Fasilitas maksimum	:	Rp50.000
Suku bunga	:	SBI satu bulan + 1,75% atau disesuaikan apabila referensi SBI yang digunakan dihapuskan oleh Otoritas Keuangan sebagai referensi bunga
Jatuh tempo	:	60 (enam puluh) bulan terhitung sejak penarikan fasilitas kredit
Jangka waktu penarikan	:	13 Desember 2007 sampai dengan 31 Januari 2008
Jaminan	:	Hak Guna Bangunan
Bagian yang jatuh tempo setahun	:	2009: Rp3.180 2008: Rp1.161

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries (continued)

PT Patra Jasa

PT Bank CIMB Niaga Tbk (Bank CIMB Niaga)

In 2008, PT Patra Jasa entered into a credit facility agreement with Bank CIMB Niaga, as follows:

Type of facility	:	*Special Transaction Loan Direct Facility On Liquidation Basis*
Outstanding balance	:	*2009: Rp10,705* *2008: Rp13,576*
Maximum facility	:	*Rp50,000*
Interest rate	:	*one month SBI interest rate plus 1.75% or adjusted accordingly if SBIs are exempted by the Finance Authorities as an interest reference*
Maturity	:	*60 (sixty) months from the withdrawal date*
Withdrawal period	:	*December 13, 2007 until January 31, 2008*
Security	:	*Landright*
Current portion	:	*2009: Rp3,180* *2008: Rp1,161*

(Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

ii. Pinjaman Bank - Anak Perusahaan (lanjutan)

PT Pelita Air Service (PAS)

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

Pada tahun 2001, PT Pelita Air Service menandatangani perjanjian pemberian fasilitas kredit dengan Bank Mandiri, sebagai berikut:

Jenis fasilitas	:	Kredit Investasi dan *Non-Cash Loan*
Fasilitas maksimum kredit investasi	:	USD13.803.242 (nilai penuh)
Suku bunga	:	11% per tahun direview bulanan
Jatuh tempo	:	7 (tujuh) tahun dan 6 (enam) bulan
Saldo terhutang	:	2009: - 2008: USD933.242 (nilai penuh) atau setara dengan Rp10.219
Jaminan	:	4 (empat) unit armada pesawat sebagai agunan utama, piutang usaha, persediaan dan hasil pendapatan sebagai agunan tambahan
Bagian yang jatuh tempo setahun	:	2009: - 2008: Rp10.219

16. LONG-TERM LIABILITIES (continued)

ii. Bank Loans - Subsidiaries (continued)

PT Pelita Air Service (PAS)

PT Bank Mandiri (Persero) Tbk (Bank Mandiri)

In 2001, PT Pelita Air Service entered into a credit facility agreement with Bank Mandiri, as follows:

Type of facilities	:	*Investment Credit and Non-Cash Loan*
Maximum credit investment facility	:	*US$13,803,242 (full amount)*
Interest rate	:	*11% per annum reviewed monthly*
Maturity	:	*7 (seven) years and 6 (six) months*
Outstanding balance	:	*2009: -* *2008: US$933,242 (full amount) or equivalent to Rp10,219*
Security	:	*4 (four) aircraft as prime collateral, trade receivables, inventories and revenue proceeds as additional collateral*
Current portion	:	*2009: -* *2008: Rp10,219*

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan) / *16. LONG-TERM LIABILITIES (continued)*

iii. Kewajiban Sewa Pembiayaan - Perusahaan / *iii. Finance Lease Liabilities - the Company*

a) Kewajiban Sewa Pembiayaan - Mobil Tangki BBM dan LPG / *a) Finance Lease Liabilities - Fuel and LPG Truck Tankers*

Pihak yang menyewakan	Jenis aset/ *Type of assets*	2009	2008	*Lessor*
Lebih dari 500 *lessor*	Mobil tangki BBM dan LPG/ *Fuel and LPG truck tankers*	643.616	736.956	*More than 500 lessors*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		(127.743)	(150.049)	*Less amount due within 1 year*
Bagian jangka panjang		**515.873**	**586.907**	***Non-current portion***

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future minimum lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	2009	2008	*Years*
2009	-	434.722	*2009*
2010	320.769	347.630	*2010*
2011	280.044	295.311	*2011*
2012	224.318	236.936	*2012*
2013	159.324	165.670	*2013*
2014 - 2018	317.457	290.003	*2014 - 2018*
Jumlah	1.301.912	1.770.272	*Total*
Dikurangi jumlah bagian bunga	(658.296)	(1.033.316)	*Less amounts representing interest*
Bersih	643.616	736.956	*Net*
Bagian yang jatuh tempo dalam 1 tahun	(127.743)	(150.049)	*Amount due within 1 year*
Bagian jangka panjang	**515.873**	**586.907**	***Non-current portion***

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan) / *16. LONG-TERM LIABILITIES (continued)*

iii. Kewajiban Sewa Pembiayaan - Perusahaan (lanjutan) / *iii. Finance Lease Liabilities - the Company (continued)*

b) Kewajiban Sewa Pembiayaan - Server Komputer / *b) Finance Lease Liabilities - Computer Servers*

Pihak yang menyewakan	Jenis aset/ *Type of assets*	2009	2008	*Lessor*
PT SCS Astragraphia Technologies	Server komputer/ *Computer server*	17.218	34.726	*PT SCS Astragraphia Technologies*
PT Micronics Internusa	Server komputer/ *Computer server*	182	931	*PT Micronics Internusa*
PT Global Solusindo Kompudata	Server komputer/ *Computer server*	972	1.520	*PT Global Solusindo Kompudata*
PT Asricitra Pratama	Server komputer/ *Computer server*	399	843	*PT Asricitra Pratama*
PT Sun Microsystems Indonesia dan PT Astra Graphia Information Technology	Server komputer/ *Computer server*	33.779	48.307	*PT Sun Microsystems Indonesia and PT Astra Graphia Information Technology*
PT Projectindo Teknowindata	Server komputer/ *Computer server*	616	-	*PT Projectindo Teknowindata*
PT Sinar Surya Teknologi	Server komputer/ *Computer server*	14.613	-	*PT Sinar Surya Teknologi*
PT Metrodata E Bisnis	Server komputer/ *Computer server*	21.756	-	*PT Metrodata E Bisnis*
Sub jumlah		89.535	86.327	*Sub total*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		(35.055)	(36.506)	*Less amount due within 1 year*
Bagian jangka panjang		**54.480**	**49.821**	***Non-current portion***

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future minimum lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	2009	2008	*Years*
2009	-	47.531	*2009*
2010	59.334	35.783	*2010*
2011	33.404	20.713	*2011*
2012	10.271	-	*2012*
Jumlah	103.009	104.027	*Total*
Dikurangi jumlah bagian bunga	(13.474)	(17.700)	*Less amounts representing interest*
Bersih	89.535	86.327	*Net*
Bagian yang jatuh tempo dalam 1 tahun	(35.055)	(36.506)	*Amount due within 1 year*
Bagian jangka panjang	**54.480**	**49.821**	***Non-current portion***

(Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

iii. Kewajiban Sewa Pembiayaan - Perusahaan (lanjutan)

c) *Bare Boat Hire Purchase Contracts*

Pada tahun 1996 dan 1997, Pertamina Lama membuat sejumlah kontrak sewa beli kapal tanpa awak (*Bare Boat Hire Purchase*) untuk membangun, meluncurkan, dan menyelesaikan delapan kapal yang selanjutnya diserahkan kepada penyandang dana. Penyandang dana mendaftarkan kapal atas nama penyandang dana di bawah bendera Republik Panama. Penyandang dana menyewakan dan menjual kepada Pertamina Lama kapal-kapal tersebut selama jangka waktu 8 (delapan) sampai 12 (dua belas) tahun. Kontrak tersebut dikenakan bunga tahunan antara 9,5% sampai dengan 12% yang dicicil setiap bulan. Setelah pembayaran penuh atas sewa beli dilakukan, kepemilikan kapal termasuk seluruh perangkat yang ada di atasnya dan/atau di darat akan beralih kepada Perusahaan tanpa pembayaran lebih lanjut kepada penyandang dana. Pembayaran cicilan terakhir untuk tiap kapal jatuh tempo pada beberapa tanggal mulai 2008 sampai dengan 2010.

Pada bulan Desember 2009, Perusahaan membayar seluruh sisa hutang yang dimiliki kepada penyandang dana walaupun pembayaran terakhir jatuh tempo pada tanggal 14 April 2010 untuk memenuhi peraturan *cabotage* Indonesia. Tidak ada denda atau biaya atas pelunasan yang dipercepat tersebut.

16. LONG-TERM LIABILITIES (continued)

iii. Finance Lease Liabilities - the Company (continued)

c) Bare Boat Hire Purchase Contracts

In 1996 and 1997, the former Pertamina Entity entered into Bare Boat Hire Purchase contracts to build, launch and complete eight vessels to be delivered to several financiers. The financiers registered the vessels under the flag of the Republic of Panama in their names. These financiers entered into hire purchase arrangements with the former Pertamina Entity for the vessels for periods ranging from 8 (eight) to 12 (twelve) years. The hire purchase contract amounts are subject to interest at annual rates ranging from 9.5% to 12% and are payable in monthly installments. Upon full payment of the entire hire purchase contract amounts, the title to the vessels including their equipment on board and/or ashore will be transferred to the Company without any further payment to the financiers. The last installment payments for each of the vessels fall due in the period from 2008 to 2010.

In December 2009, the Company settled all amounts owning although the final payment to the financiers had a due date of April 14, 2010, in order to comply with Indonesian cabotage regulations. No penalties or other fees were charged for the accelerated payment of such amounts.

Pihak yang menyewakan	**Jenis aset/ *Type of assets***	**2009**	**2008**	***Lessor***
PT Citramaritimindo Pratama	Kapal tangker/ *Tankers*	-	28.535	*PT Citramaritimindo Pratama*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		-	(20.970)	*Less amount due within 1 year*
Bagian jangka panjang		**-**	**7.565**	***Non-current portion***

(Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

16. LONG-TERM LIABILITIES (continued)

iii. Kewajiban Sewa Pembiayaan - Perusahaan (lanjutan)

iii. Finance Lease Liabilities - the Company (continued)

c) *Bare Boat Hire Purchase Contracts* (lanjutan)

c) Bare Boat Hire Purchase Contracts (continued)

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future minimum lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	**2009**	**2008**	***Years***
2009	-	23.266	*2009*
2010	-	7.755	*2010*
Jumlah	-	31.021	*Total*
Dikurangi jumlah bagian bunga	-	(2.486)	*Less amounts representing interest*
Bersih	-	28.535	*Net*
Bagian yang jatuh tempo dalam 1 tahun	-	(20.970)	*Amount due within 1 year*
Bagian jangka panjang	**-**	**7.565**	***Non-current portion***

iv. Kewajiban Sewa Pembiayaan - Anak Perusahaan

iv. Finance Lease Liabilities - Subsidiaries

PT Pertamina EP

PT Pertamina EP

Pihak yang menyewakan	**Jenis aset/ *Type of assets***	**2009**	**2008**	***Lessor***
PT Moeladi	Instalasi pipa gas/*Gas pipeline installations*	408.894	580.178	*PT Moeladi*
PT Titis Sampurna	Pabrik LPG/*LPG plant*	47.465	101.317	*PT Titis Sampurna*
PT Maruta Bumi Prima	Pabrik LPG/*LPG plant*	57.769	81.961	*PT Maruta Bumi Prima*
PT Sumber Daya Kelola	Pabrik LPG/*LPG plant*	54.693	66.309	*PT Sumber Daya Kelola*
PT Yudistira Haka Persada	Pabrik LPG/*LPG plant*	45.893	61.070	*PT Yudistira Haka Persada*
PT Wahana Insan Nugraha	Pabrik LPG/*LPG plant*	44.111	58.698	*PT Wahana Insan Nugraha*
PT Rabana Gasindo	Instalasi pipa gas/*Gas pipeline installations*	21.800	29.009	*PT Rabana Gasindo*
Sub jumlah		680.625	978.542	*Sub total*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		(194.822)	(185.686)	*Less amount due within 1 year*
Bagian jangka panjang		**485.803**	**792.856**	***Non-current portion***

(Expressed in millions of Rupiah, unless otherwise stated)

16. KEWAJIBAN JANGKA PANJANG (lanjutan)

16. LONG-TERM LIABILITIES (continued)

iv. Kewajiban Sewa Pembiayaan - Anak Perusahaan (lanjutan)

iv. Finance Lease Liabilities - Subsidiaries (continued)

PT Pertamina EP (lanjutan)

PT Pertamina EP (continued)

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future minimum lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	2009	2008	*Years*
2009	-	406.929	*2009*
2010	349.327	406.929	*2010*
2011	292.304	340.504	*2011*
2012	292.304	340.504	*2012*
2013	61.054	71.122	*2013*
2014 - 2035	66.008	76.892	*2014 - 2035*
Jumlah	1.060.997	1.642.880	*Total*
Dikurangi jumlah bagian bunga	(380.372)	(664.338)	*Less amounts representing interest*
Bersih	680.625	978.542	*Net*
Bagian yang jatuh tempo dalam 1 tahun	(194.822)	(185.686)	*Amount due within 1 year*
Bagian jangka panjang	**485.803**	**792.856**	***Non-current portion***

Sewa barang milik negara oleh PT Pertamina EP dijelaskan dalam Catatan 15d.

PT Pertamina EP's lease of state-owned assets is disclosed in Note 15d.

PT Pelita Air Service (PAS)

PT Pelita Air Service (PAS)

Pihak yang menyewakan	Jenis aset/ *Type of assets*	2009	2008	*Lessor*
Wings Aircraft Finance, Inc.	Pesawat Fokker 100/ *Fokker 100 Aircraft*	29.986	45.447	*Wings Aircraft Finance, Inc.*
Dikurangi bagian yang jatuh tempo dalam 1 tahun		(8.991)	(10.328)	*Less amount due within 1 year*
Kewajiban jangka panjang		**20.995**	**35.119**	***Non-current portion***

Pembayaran sewa minimum masa datang pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Future minimum lease payments as of December 31, 2009 and 2008 are as follows:

Tahun	2009	2008	*Years*
2009	-	12.140	*2009*
2010	10.281	11.976	*2010*
2011	21.322	24.838	*2011*
Jumlah	31.603	48.954	*Total*
Dikurangi jumlah bagian bunga	(1.617)	(3.507)	*Less amounts representing interest*
Bersih	29.986	45.447	*Net*
Bagian yang jatuh tempo dalam 1 tahun	(8.991)	(10.328)	*Amount due within 1 year*
Bagian jangka panjang	**20.995**	**35.119**	***Non-current portion***

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA

a. Program imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya

Perusahaan dan Anak Perusahaan tertentu menyelenggarakan program imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya, sebagai berikut:

a.1. Perusahaan:

a.1.1. Program imbalan pasca-kerja:

(i) Program imbalan pasti dikelola Dana Pensiun Pertamina

Program Pensiun Imbalan Pasti (PPMP) mencakup seluruh pekerja tetap Perusahaan dan didanai dengan iuran Perusahaan dan pekerja. Iuran Perusahaan ditentukan berdasarkan laporan aktuaris. Iuran pekerja adalah sebesar 7,5% dari Penghasilan Dasar Pensiun. Dana program pensiun tersebut dikelola secara terpisah oleh Dana Pensiun Pertamina.

Berdasarkan Surat Keputusan Direktur Utama No. Kpts-006/C00000/2009-S0 tanggal 12 Januari 2009, tingkat kenaikan upah tetap tahunan untuk menghitung penghasilan dasar pensiun (*Pensionable Salary*) ditetapkan sebesar 6% per tahun dari upah tetap (*Pensionable Salary*) per tanggal 31 Desember 2008. Perubahan kebijakan ini berlaku sejak tanggal 1 Januari 2009. Sebelum Surat Keputusan tersebut, tingkat kenaikan upah tahunan (*Pensionable Salary*) ditentukan berdasarkan *Pensionable Salary* aktual dari pekerja.

(ii) Tunjangan kesehatan pasca-kerja

Tunjangan kesehatan pasca-kerja meliputi para pensiunan Perusahaan dan pasangannya sejak mereka memasuki usia pensiun sampai meninggal dunia. Manfaat ini tidak didanai.

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS

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

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

a.1. The Company:

***a.1.1. Post-employment benefits plans*:**

(i) Defined Benefits Plan administered under the Pertamina Pension Plan

The Defined Benefits Plan (PPMP) covers all of the Company's permanent employees and is funded by the Company's and the employees' contributions. The Company's contributions are determined based on actuarial reports. The employees' contributions amount to 7.5% of Pensionable Earnings. The pension plan funds are managed separately by Dana Pensiun Pertamina.

Based on the decree of the President Director No. Kpts-006/C00000/2009-S0 dated January 12, 2009, the annual Pensionable Salary increase is determined at 6% per annum based on pensionable salaries as of December 31, 2008. This change in policy is effective on January 1, 2009. Prior to such decree, the annual Pensionable Salary increase was determined based on actual Pensionable Salaries of employees.

(ii) Post-retirement healthcare benefits

The post-retirement healthcare benefits involve the Company's retired employees and their spouses from the date of the employees' retirement until death. The benefits are unfunded.

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

a. Program imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya (lanjutan)

a.1. Perusahaan (lanjutan):

a.1.1. Program imbalan pasca-kerja (lanjutan):

(iii) Penghargaan atas pengabdian (PAP)

Manfaat PAP terdiri dari imbalan tambahan yang diberikan pada saat karyawan memasuki usia pensiun, dan dalam hal mengalami cacat tetap, meninggal, atau mengundurkan diri secara sukarela. Besarnya masing-masing manfaat tersebut tergantung pada masa kerja karyawan dengan mengacu pada tabel perhitungan yang telah ditetapkan Perusahaan. Manfaat ini tidak didanai.

90% dari jumlah PAP dibayarkan pada saat karyawan mencapai usia 55 tahun dan sisanya dibayarkan pada saat karyawan berusia 56 tahun.

a.1.2. Program imbalan kerja jangka panjang lainnya:

Perusahaan juga memberikan imbalan kerja jangka panjang lainnya dalam bentuk tunjangan Masa Persiapan Purnakarya (MPPK), biaya pemulangan, ulang tahun dinas, tunjangan cuti, dan Program Asuransi Mandiri Guna I. Kecuali untuk manfaat program asuransi, manfaat ini tidak didanai.

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

a. Post-employment benefits plans and other long-term employee benefits (continued)

a.1. The Company (continued):

a.1.1. Post-employment benefits plans (continued):

(iii) Severance and service pay (PAP)

PAP benefits consist of additional benefits to which employees are entitled when they enter the pension period, and in the event of permanent disability, death, or voluntary resignation. The amounts for each of these benefits depend on the years of service completed in accordance with the calculation table previously determined by the Company. These benefits are unfunded.

90% of the total PAP amounts are paid when the employees attain 55 years of age and the balance is paid to the employees at 56 years of age.

a.1.2. Other long-term employee benefits:

The Company provides other long-term employee benefits in the form of pre-retirement benefits (MPPK), repatriation costs, service anniversary, annual leave and a Mandiri Guna I Insurance Program. With the exception of the Insurance Program benefits, these benefits are unfunded.

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

a. Program imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya (lanjutan)

a.1. Perusahaan (lanjutan):

a.1.2. Program imbalan kerja jangka panjang lainnya (lanjutan):

Berdasarkan Surat Keputusan Direktur Utama No. Kpts-29/C00000/2008-S0 tanggal 26 Juni 2008, program MPPK hanya diberikan kepada pekerja yang lahir sebelum tahun 1956 dan telah menyelesaikan masa kerja minimal 15 tahun, sebagai berikut:

- Pekerja yang lahir pada tahun 1953 berhak atas masa MPPK sebanyak 9 bulan;
- Pekerja yang lahir pada tahun 1954 berhak atas masa MPPK sebanyak 6 bulan;
- Pekerja yang lahir pada tahun 1955 berhak atas masa MPPK sebanyak 3 bulan.

Berdasarkan Surat Keputusan Direktur Utama No. Kpts-005/C00000/2009-S0 tanggal 12 Januari 2009, tidak ada lagi insentif uang untuk ulang tahun dinas efektif tanggal 1 Januari 2009.

Berdasarkan Surat Keputusan Direktur Utama No. Kpts-002/C00000/2009-S0 tanggal 12 Januari 2009, uang pertanggungan untuk Program Asuransi Mandiri Guna I ditetapkan atas dasar yang sama untuk semua pekerja efektif tanggal 1 Januari 2009. Sebelum Surat Keputusan tersebut, uang pertanggungan meningkat sesuai dengan jenjang jabatan pekerja. Dengan demikian, pada tanggal 31 Desember 2008, tidak ada kewajiban imbalan kerja yang perlu diakui akibat kenaikan uang pertanggungan.

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

a. Post-employment benefits plans and other long-term employee benefits (continued)

a.1. The Company (continued):

a.1.2. Other long-term employee benefits (continued):

Based on the decree of the President Director No. Kpts-29/C00000/2008-S0 dated June 26, 2008, the MPPK program is only provided to employees who were born prior to 1956 and who have completed a minimum of 15 years of service, as follows:

- *Employees who were born in 1953 are eligible for a 9 (nine) months MPPK period;*
- *Employees who were born in 1954 are eligible for a 6 (six) months MPPK period;*
- *Employees who were born in 1955 are eligible for a 3 (three) months MPPK period.*

Based on the decree of the President Director No. Kpts-005/C00000/2009-S0 dated January 12, 2009, cash incentives for service anniversaries no longer apply effective January 1, 2009.

Based on the decree of the President Director No. Kpts-002/C00000/2009-S0 dated January 12, 2009, the sum insured under the Mandiri Guna I Insurance Program is determined on the basis of the same amount for all employees effective January 1, 2009. Prior to such decree, the sum insured increased in accordance with the employees' grades. Accordingly, as of December 31, 2008, no employee benefit liability is required to be recognized as a result of the increase in the sum insured.

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

a. Program imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya (lanjutan)

a.1. Perusahaan (lanjutan):

a.1.3. Program tabungan pekerja

Perusahaan dan Anak Perusahaan tertentu (keseluruhannya disebut ”Peserta”) menyelenggarakan program Tabungan Pekerja (TP) berupa program iuran pasti dimana seluruh iuran dikelola oleh PT Pertamina Dana Ventura, Anak Perusahaan. Sebelum April 2003, besarnya tarif iuran yang didanai oleh Peserta adalah sebesar 10% dari gaji pokok karyawan bulanan. Berdasarkan Surat Keputusan (SK) Direksi Pertamina Lama No. 023/C00000/2003-SO tanggal 28 April 2003, iuran karyawan diubah menjadi 5% dari gaji pokok bulanan efektif sejak April 2003.

Sebagaimana diatur di dalam SK Direksi Perusahaan No. Kpts-60/C00000/2008-S0 tanggal 11 November 2008, karyawan akan menerima kembali setoran wajib berkala beserta hasil investasi dari setoran tersebut pada saat pemutusan hubungan kerja atau saat karyawan tersebut memasuki masa pensiun.

a.2. Anak Perusahaan:

Anak Perusahaan tertentu menyelenggarakan program imbalan pasca-kerja dan program imbalan kerja jangka panjang lainnya, yang didanai maupun yang tidak didanai. Iuran dan imbalan yang dibayarkan kepada karyawan ditentukan oleh masing-masing Anak Perusahaan.

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

b. Post-employment benefits plans and other long-term employee benefits (continued)

a.1. The Company (continued):

a.1.3. Employees’ saving plan

The Company and certain Subsidiaries (together as ”Participants”) operate an Employees’ Saving Plan (TP) in the form of a defined contribution plan wherein all contributions made are managed by PT Pertamina Dana Ventura, a Subsidiary of the Company. Prior to April 2003, contributions were funded by the Participants at 10% of their employees’ monthly basic salaries. Pursuant to the former Pertamina Entity’s Board of Directors’ decision letter No. 023/C00000/2003-SO dated April 28, 2003, the employees’ contributions were changed to 5% of their monthly basic salaries effective in April 2003.

In accordance with the Company’s Board of Directors’ decision letter No. Kpts-60/C00000/2008-S0 dated November 11, 2008, the employees will receive their mandatory periodic contributions and investment returns on such contributions when they are terminated or enter into their pension periods.

a.2. Subsidiaries:

Certain of the Company’s Subsidiaries operate post-employment benefits plans and other long-term employee benefits arrangements, certain of which are funded and others are unfunded. The contributions and benefits paid to employees are determined by the respective Subsidiaries.

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

b. Taksiran kewajiban imbalan kerja

Taksiran kewajiban imbalan kerja Perusahaan per tanggal 31 Desember 2009 dan 2008 dihitung berdasarkan laporan penilaian dari aktuaris independen, PT Dayamandiri Dharmakonsilindo masing-masing tanggal 5 November 2010 dan 31 Mei 2010. Taksiran kewajiban imbalan kerja Anak Perusahaan dihitung oleh aktuaris independen lainnya. Tabel berikut ini menyajikan ikhtisar kewajiban imbalan kerja sebagaimana tercatat pada neraca konsolidasian:

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

b. Estimated employee benefits obligations

The estimated employee benefits obligations of the Company as of December 31, 2009 and 2008, were determined based on the valuation reports of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated November 5, 2010 and May 31, 2010, respectively. The estimated employee benefits obligations of the Subsidiaries were determined by other independent actuaries. The table below presents a summary of the employee benefits obligations reported in the consolidated balance sheets:

	2009	2008	
Perusahaan:			***The Company:***
Pensiun dan imbalan pasca-kerja lainnya:			*Pension and other post-employment benefits:*
Program imbalan pasti dikelola Dana Pensiun Pertamina	594.399	761.028	*Defined benefits plan administered under Dana Pensiun Pertamina*
Tunjangan kesehatan pasca-kerja	20.500.278	21.085.384	*Post-retirement healthcare benefits*
PAP - penghargaan atas pengabdian	8.299.599	8.563.323	*PAP - severance and service pay*
Biaya pemulangan	239.122	231.791	*Repatriation costs*
Sub jumlah	29.633.398	30.641.526	*Sub total*
Imbalan kerja jangka panjang lainnya:			*Other long-term employee benefits:*
Masa Persiapan Purna Karya (MPPK)	256.227	407.376	*Pre-retirement benefits (MPPK)*
Tunjangan cuti	106.099	101.609	*Annual leave*
Sub jumlah	362.326	508.985	*Sub total*
Jumlah - Perusahaan	**29.995.724**	**31.150.511**	***Total - Company***

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

b. Taksiran kewajiban imbalan kerja (lanjutan)

b. Estimated employee benefits obligations (continued)

	2009	2008	
<u>Anak Perusahaan;</u>			***<u>Subsidiaries:</u>***
Pensiun dan imbalan pasca-kerja lainnya:			*Pension and other post-employment benefits:*
PT Pertamina Hulu Energi dan Anak Perusahaan	162.884	106.974	*PT Pertamina Hulu Energi and Subsidiaries*
PT Pertamina EP	157.404	32.514	*PT Pertamina EP*
PT Tugu Pratama Indonesia dan Anak Perusahaan	106.816	94.137	*PT Tugu Pratama Indonesia and Subsidiaries*
PT Pertamina Bina Medika	71.578	62.000	*PT Pertamina Bina Medika*
PT Pelita Air Service dan Anak Perusahaan	64.649	52.319	*PT Pelita Air Service and Subsidiary*
PT Patra Jasa	35.575	29.850	*PT Patra Jasa*
PT Usayana dan Anak Perusahaan	10.231	40.800	*PT Usayana and Subsidiaries*
PT Patra Niaga dan Anak Perusahaan	5.776	5.337	*PT Patra Niaga and Subsidiaries*
PT Pertamina Dana Ventura	3.464	3.404	*PT Pertamina Dana Ventura*
PT Pertamina Tongkang dan Anak Perusahaan	3.178	2.583	*PT Pertamina Tongkang and Subsidiaries*
PT Pertamina Geothermal Energy	1.465	982	*PT Pertamina Geothermal Energy*
PT Pertamina EP Cepu	1.251	946	*PT Pertamina EP Cepu*
PT Pertamina Drilling Service Indonesia	998	3.232	*PT Pertamina Drilling Service Indonesia*
PT Pertamina Gas	-	192	*PT Pertamina Gas*
PT Pertamina Dok Dumai	-	620	*PT Pertamina Dok Dumai*
Jumlah - Anak Perusahaan	**625.269**	**435.890**	***Total - Subsidiaries***
Jumlah Konsolidasian	**30.620.993**	**31.586.401**	***Total Consolidated***

Rincian estimasi kewajiban imbalan pasca-kerja dan imbalan jangka panjang lainnya untuk masing-masing program yang diselenggarakan Perusahaan pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

The details of the estimated post-employment benefits obligations and other long-term employment benefits for each of the programs operated by the Company as of December 31, 2009 and 2008 are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

b. Taksiran kewajiban imbalan kerja (lanjutan)

b. Estimated employee benefits obligations (continued)

(i) Kewajiban imbalan pasca-kerja:

(i) Post-employment benefits obligations:

31 Desember 2009: *December 31, 2009:*

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefits plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Biaya pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri Guna I insurance program*	Jumlah/ *Total*	
Nilai kini kewajiban imbalan pasti	6.122.053	8.281.353	9.266.315	172.527	-	23.842.248	*Present value of the defined benefits obligations*
Nilai wajar aset program	(6.562.184)	-	-	-	-	(6.562.184)	*Fair value of plan assets*
Status yang belum didanai	(440.131)	8.281.353	9.266.315	172.527	-	17.280.064	*Unfunded status*
Biaya jasa lalu yang belum diakui - *non-vested*	21.137	-	180.606	5.900	-	207.643	*Unrecognized past service cost - non-vested*
Laba/(rugi) aktuarial yang belum diakui	1.013.393	12.218.925	(1.147.322)	60.695	-	12.145.691	*Unrecognized actuarial gains/(losses)*
Jumlah - Perusahaan	**594.399**	**20.500.278**	**8.299.599**	**239.122**	**-**	**29.633.398**	***Total - Company***

31 Desember 2008: *December 31, 2008:*

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefits plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Biaya pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri Guna I insurance program*	Jumlah/ *Total*	
Nilai kini kewajiban imbalan pasti	5.554.187	7.738.135	8.343.652	187.644	-	21.823.618	*Present value of the defined benefits obligations*
Nilai wajar aset program	(5.128.036)	-	-	-	-	(5.128.036)	*Fair value of plan assets*
Status yang belum didanai	426.151	7.738.135	8.343.652	187.644	-	16.695.582	*Unfunded status*
Biaya jasa lalu yang belum diakui - *non vested*	(71)	-	(135.181)	(15.163)	-	(150.415)	*Unrecognized past service cost - non-vested*
Laba aktuarial yang belum diakui	334.948	13.347.249	354.852	59.310	-	14.096.359	*Unrecognized actuarial gains*
Jumlah - Perusahaan	**761.028**	**21.085.384**	**8.563.323**	**231.791**	**-**	**30.641.526**	***Total - Company***

(Expressed in millions of Rupiah,
unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

b. Taksiran kewajiban imbalan kerja (lanjutan)

b. Estimated employee benefits obligations (continued)

(ii) Kewajiban imbalan kerja jangka panjang lainnya:

(ii) Other long-term employee benefits obligations:

	Masa persiapan purna karya/ *Pre-retirement benefits*	Tunjangan cuti/ *Annual leave*	Ulang tahun dinas/ *Service anniversary*	Jumlah/ *Total*	
Nilai kini kewajiban imbalan kerja - Perusahaan 31 Desember 2009	256.227	106.099	-	362.326	*Present value of employee benefits obligations - Company December 31, 2009*
31 Desember 2008	407.376	101.609	-	508.985	*December 31, 2008*

c. Biaya imbalan kerja

Perusahaan mengakui biaya imbalan kerja bersih untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 sebagai berikut:

c. Employee benefits expense

The Company recognized net employee benefits expense for the years ended December 31, 2009 and 2008 as follows:

	2009	2008	
Pensiun dan imbalan pasca-kerja lainnya:			*Pension and other post-employment benefits:*
Program imbalan pasti dikelola oleh Dana Pensiun Pertamina	98.781	(152.164)	*Defined benefits plan administered by Dana Pensiun Pertamina*
Tunjangan kesehatan pasca-kerja	(352.052)	1.361.791	*Post-retirement healthcare benefits*
PAP - penghargaan atas pengabdian	1.353.755	1.346.684	*PAP - severance and service pay*
Biaya pemulangan	21.603	31.385	*Repatriation costs*
Program Asuransi Mandiri Guna I	-	(44.170)	*Mandiri Guna I Insurance Program*
Sub jumlah	1.122.087	2.543.526	*Sub total*
Imbalan kerja jangka panjang lainnya:			*Other long-term employee benefits:*
Masa persiapan purna karya (MPPK)	29.729	(1.562.390)	*Pre-retirement benefits (MPPK)*
Tunjangan cuti	54.044	(78.533)	*Annual leave*
Ulang tahun dinas	-	(93.186)	*Service anniversary*
Sub jumlah	83.773	(1.734.109)	*Sub total*
Jumlah - Perusahaan	**1.205.860**	**809.417**	***Total - Company***

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

c. Biaya imbalan kerja (lanjutan)

c. Employee benefits expense (continued)

Rincian biaya imbalan kerja bersih untuk setiap program imbalan pasca-kerja dan imbalan jangka panjang lainnya yang diselenggarakan Perusahaan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Details of the net employee benefits expense for each of the post-employment benefits programs and other long-term employment benefits provided by the Company for the years ended December 31, 2009 and 2008 are as follows:

(i) Biaya imbalan pasca-kerja - bersih:

(i) Post-employment benefits expense - net:

Tahun yang berakhir pada tanggal 31 Desember 2009:

For the year ended December 31, 2009:

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefit plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Program pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri Guna I insurance program*	Jumlah/ *Total*	
Biaya jasa kini	44.174	23.728	366.649	6.662	-	441.213	*Current service costs*
Biaya bunga	631.170	908.534	917.348	17.923	-	2.474.975	*Interest costs*
Hasil aset dana pensiun	(550.597)	-	-	-	-	(550.597)	*Return on plan assets*
Amortisasi laba aktuarial yang belum diakui	-	(1.284.314)	-	(4.141)	-	(1.288.455)	*Amortization of unrecoqnized actuarial gains*
Amortisasi biaya jasa lalu - *non-vested*	(3.274)	-	81.434	2.099	-	80.259	*Amortization of past service cost - non-vested*
Pengakuan segera atas biaya jasa lalu-*vested*	(22.692)	-	(11.676)	(940)	-	(35.308)	*Immediate recognition of past service cost -vested*
Sub jumlah	98.781	(352.052)	1.353.755	21.603	-	1.122.087	*Sub total*
Jumlah - Perusahaan	**98.781**	**(352.052)**	**1.353.755**	**21.603**	**-**	**1.122.087**	***Total - Company***

Tahun yang berakhir pada tanggal 31 Desember 2008:

For the year ended December 31, 2008:

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefit plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Program pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri Guna I insurance program*	Jumlah/ *Total*	
Biaya jasa kini	81.949	51.019	384.342	8.679	6.442	532.431	*Current service costs*
Biaya bunga	639.876	1.568.319	880.908	19.407	15.894	3.124.404	*Interest costs*
Hasil aset dana pensiun	(631.115)	-	-	-	(8.396)	(639.511)	*Return on plan assets*
Amortisasi laba aktuarial yang belum diakui	-	(257.547)	81.434	(570)	-	(176.683)	*Amortization of unrecoqnized actuarial gains*
Amortisasi biaya jasa lalu - *non-vested*	74	-	-	3.869	-	3.943	*Amortization of past service cost - non-vested*
Sub jumlah	90.784	1.361.791	1.346.684	31.385	13.940	2.844.584	*Sub total*
Kurtailmen	(242.948)	-	-	-	(143.218)	(386.166)	*Curtailment*
Penyelesaian	-	-	-	-	85.108	85.108	*Settlements*
Jumlah - Perusahaan	**(152.164)**	**1.361.791**	**1.346.684**	**31.385**	**(44.170)**	**2.543.526**	***Total - Company***

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

c. Biaya imbalan kerja (lanjutan)

c. Employee benefits expense (continued)

(ii) Biaya imbalan kerja jangka panjang lainnya - bersih:

(ii) Other long-term employment benefits expense - net:

Tahun yang berakhir pada tanggal 31 Desember 2009:

For the year ended December 31, 2009:

	Masa persiapan purna karya/ *Pre-retirement benefits*	Ulang tahun dinas/ *Service anniversary*	Tunjangan cuti/ *Annual leave*	Jumlah/ *Total*	
Biaya jasa kini	8.731	-	62.746	71.477	*Current service costs*
Biaya bunga	32.009	-	9.354	41.363	*Interest costs*
Rugi/(laba) aktuarial	32.723	-	(8.809)	23.914	*Actuarial loss/(gains)*
Pengakuan segera atas biaya jasa lalu - *vested*	(43.734)	-	(9.247)	(52.981)	*Immediate recognition of past service cost - vested*
Jumlah - Perusahaan	**29.729**	**-**	**54.044**	**83.773**	***Total - Company***

Tahun yang berakhir pada tanggal 31 Desember 2008:

For the year ended December 31, 2008:

	Masa persiapan purna karya/ *Pre-retirement benefits*	Ulang tahun dinas/ *Service anniversary*	Tunjangan cuti/ *Annual leave*	Jumlah/ *Total*	
Biaya jasa kini	55.909	13.319	156.950	226.178	*Current service costs*
Biaya bunga	212.676	9.756	19.090	241.522	*Interest costs*
Laba aktuarial	(862)	(14.857)	(94.900)	(110.619)	*Actuarial gains*
Pengakuan segera atas biaya jasa lalu - *vested*	-	-	(159.673)	(159.673)	*Immediate recognition of past service cost - vested*
Sub jumlah	267.723	8.218	(78.533)	197.408	***Sub total***
Kurtailmen	(1.830.113)	(101.404)	-	(1.931.517)	***Curtailment***
Jumlah - Perusahaan	**(1.562.390)**	**(93.186)**	**(78.533)**	**(1.734.109)**	***Total - Company***

d. Perubahan kewajiban imbalan kerja

d. Changes in employee benefits obligations

Perubahan kewajiban imbalan pasca-kerja Perusahaan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

Changes in the post-employment benefits obligations of the Company for the years ended December 31, 2009 and 2008 are as follows:

(i) Perubahan kewajiban imbalan pasca-kerja:

(i) Changes in post-employment benefits obligations:

Tahun yang berakhir pada tanggal 31 Desember 2009:

For the year ended December 31, 2009:

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefit plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Program pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri GunaI insurance program*	Jumlah/ *Total*	
Saldo awal	761.028	21.085.384	8.563.323	231.791	-	30.641.526	*Beginning balance*
Biaya imbalan kerja bersih	98.781	(352.052)	1.353.755	21.603	-	1.122.087	*Employee benefits expense, net*
Pembayaran	(265.410)	(233.054)	(1.617.479)	(14.272)	-	(2.130.215)	*Payments*
Saldo akhir - Perusahaan	**594.399**	**20.500.278**	**8.299.599**	**239.122**	**-**	**29.633.398**	***Ending balance - Company***

(Expressed in millions of Rupiah, unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

d. Perubahan kewajiban imbalan kerja (lanjutan)

d. Changes in employee benefits obligations (continued)

(i) Perubahan kewajiban imbalan pasca-kerja (lanjutan):

(i) Changes in post-employment benefits obligations (continued):

Tahun yang berakhir pada tanggal 31 Desember 2008:

For the year ended December 31, 2008:

	Program imbalan pasti dikelola Dana Pensiun Pertamina/ *Defined benefit plan administered under Dana Pensiun Pertamina*	Tunjangan kesehatan pasca-kerja/ *Post-retirement healthcare benefits*	PAP/ *PAP*	Program pemulangan/ *Repatriation costs*	Program asuransi Mandiri Guna I/ *Mandiri Gunal insurance program*	Jumlah/ *Total*	
Saldo awal	976.306	20.026.165	8.891.366	218.805	60.346	30.172.988	*Beginning balance*
Biaya imbalan kerja bersih	(152.164)	1.361.791	1.346.684	31.385	(44.170)	2.543.526	*Employee benefits expense, net*
Pembayaran	(63.114)	(302.572)	(1.674.727)	(18.399)	(16.176)	(2.074.988)	*Payments*
Saldo akhir - Perusahaan	**761.028**	**21.085.384**	**8.563.323**	**231.791**	**-**	**30.641.526**	***Ending balance - Company***

(ii) Perubahan kewajiban imbalan kerja jangka panjang lainnya:

(ii) Changes in other long-term employee benefits obligations:

Tahun yang berakhir pada tanggal 31 Desember 2009:

For the year ended December 31, 2009:

	Masa persiapan purna karya/ *Pre-retirement benefits*	Ulang tahun dinas/ *Service anniversary*	Tunjangan cuti/ *Annual leave*	Jumlah/ *Total*	
Saldo awal	407.376	-	101.609	508.985	*Beginning balance*
Biaya imbalan kerja bersih	29.729	-	54.044	83.773	*Employee benefits expense, net*
Pembayaran	(180.878)	-	(49.554)	(230.432)	*Payments*
Saldo akhir - Perusahaan	**256.227**	**-**	**106.099**	**362.326**	***Ending balance - Company***

Tahun yang berakhir pada tanggal 31 Desember 2008:

For the year ended December 31, 2008:

	Masa persiapan purna karya/ *Pre-retirement benefits*	Ulang tahun dinas/ *Service anniversary*	Tunjangan cuti/ *Annual leave*	Jumlah/ *Total*	
Saldo awal	2.309.129	109.237	272.473	2.690.839	*Beginning balance*
Biaya imbalan kerja bersih	(1.562.390)	(93.186)	(78.533)	(1.734.109)	*Employee benefits expense, net*
Pembayaran	(339.363)	(16.051)	(92.331)	(447.745)	*Payments*
Saldo akhir - Perusahaan	**407.376**	**-**	**101.609**	**508.985**	***Ending balance - Company***

(Expressed in millions of Rupiah,
unless otherwise stated)

17. TAKSIRAN KEWAJIBAN IMBALAN KERJA (lanjutan)

17. ESTIMATED EMPLOYEE BENEFITS OBLIGATIONS (continued)

e. Asumsi-asumsi aktuarial

Asumsi-asumsi aktuarial signifikan yang diterapkan dalam perhitungan kewajiban imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya untuk Perusahaan adalah sebagai berikut:

e. Actuarial assumptions

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

	2009	2008	
Tingkat diskonto:			*Discount rate:*
- Program Asuransi Mandiri Guna I, PAP, biaya pemulangan, MPPK, ulang tahun dinas	10% per tahun/*year*	12% per tahun/*year*	*Mandiri Guna I Insurance Program, PAP, repatriation costs, MPPK, service anniversary -*
- Tunjangan cuti	8%per tahun/year	12% per tahun/*year*	*Annual leave -*
- Program imbalan pasti oleh Dana Pensiun Pertamina, tunjangan kesehatan pasca-kerja	11% per tahun/year	12% per tahun/*year*	*Defined benefits plan administered by Dana Pensiun Pertamina, post-retirement healthcare benefits -*
Tingkat pengembalian aset program:			*Return on plan assets:*
- Program pensiun	10% per tahun/*year*	11% per tahun/*yea*	*Pension plan -*
- Program asuransi	9% per tahun/*year*	9% per tahun/*year*	*Insurance plan -*
Kenaikan gaji:	9% per tahun/*year*	9% per tahun/*year*	*Salary increases:*
Tren biaya kesehatan tahunan:	0% untuk tahun 2010 dan 9% per tahun untuk tahun 2011 dan seterusnya/ *0% for 2010 and 9% per year for 2011 and thereafter*	0% untuk tahun 2009 dan 9% per tahun untuk tahun 2010 dan seterusnya/ *0% for 2009 and 9% per year for 2010 and thereafter*	*Annual medical expense trend:*
Faktor demografi:			*Demographic factors:*
- Tingkat kematian:	*Group Annuity Mortality* 1971 (GAM 71)	*Group Annuity Mortality* 1971 (GAM 71)	*Mortality: -*
- Tingkat cacat:	0,75% dari tingkat kematian/ *0.75% of mortality rate*	0,75% dari tingkat kematian/ *0.75% of mortality rate*	*Disability: -*
- Pengunduran diri:	1% pada usia 20 dan berkurang secara linear sebesar 0,028% per tahun sampai usia 55/ *1% at age 20 and linearly decreasing by 0.028% per annum until 55 years of age*	1% pada usia 20 dan berkurang secara linear sebesar 0,028% per tahun sampai usia 55/ *1% at age 20 and linearly decreasing by 0.028% per annum until 55 years of age*	*Resignation: -*
- Pensiun:	100% pada usia pensiun normal/ *100% at normal retirement age*	100% pada usia pensiun normal/ *100% at normal retirement age*	*Pension: -*
Usia pensiun normal:	56 tahun/*years*	56 tahun/*years*	*Normal retirement age:*
Biaya operasional program pensiun:	8% dari biaya jasa dan 3,5% dari pembayaran manfaat/ *8% of service cost and 3.5% of benefit payments*	8% dari biaya jasa dan 3,5% dari pembayaran manfaat/ *8% of service cost and 3.5% of benefit payments*	*Operational costs of the pension plan:*

(Expressed in millions of Rupiah, unless otherwise stated)

18. KEWAJIBAN BIAYA RESTORASI DAN REKLAMASI LINGKUNGAN HIDUP

PT Pertamina EP, PT Pertamina Hulu Energi dan PT Pertamina EP Cepu telah mengakui kewajiban atas penghentian dan restorasi wilayah kerja, pembongkaran dan kewajiban pasca operasi (pembebanan kewajiban biaya restorasi dan reklamasi lingkungan hidup - ARO) yang berhubungan dengan fasilitas yang terkait dengan aset minyak dan gas. Pada saat menentukan jumlah pencadangan, asumsi, dan perkiraan diperlukan sehubungan dengan tingkat diskonto dan perkiraan biaya pembongkaran dan pemindahan seluruh pabrik dan peralatan dari wilayah kerja dan restorasi wilayah kerja tersebut.

Kewajiban atas penghentian dan restorasi wilayah kerja merupakan nilai kini atas biaya pembongkaran aset minyak dan gas pada PT Pertamina EP, PT Pertamina Hulu Energi dan PT Pertamina EP Cepu, yang diperkirakan akan terjadi masing-masing sampai dengan tahun 2035, 2027 dan 2036. Pencadangan ini telah dihitung oleh manajemen. Asumsi-asumsi dibuat berdasarkan kondisi ekonomi saat ini, dan diyakini oleh manajemen sebagai dasar yang memadai untuk memperkirakan kewajiban akan datang. Estimasi tersebut dikaji ulang secara rutin untuk disesuaikan apabila ada perubahan asumsi yang material. Namun demikian, biaya pembongkaran aktual akan sangat bergantung pada harga pasar di masa yang akan datang yang diperlukan untuk pekerjaan pembongkaran yang mencerminkan kondisi pasar pada saat tersebut. Selanjutnya, saat pembongkaran tersebut bergantung pada kapan lahan berhenti berproduksi di tingkat yang ekonomis. Tingkat ekonomis tersebut akan bergantung pada harga minyak dan gas bumi yang tidak menentu, di masa yang akan datang.

Mutasi kewajiban biaya restorasi dan reklamasi lingkungan hidup adalah sebagai berikut:

18. PROVISION FOR ENVIRONMENTAL RESTORATION AND RECLAMATION COSTS

PT Pertamina EP, PT Pertamina Hulu Energi and PT Pertamina EP Cepu recognized a provision for abandonment and site restoration, dismantling and post operations obligations (Asset Retirement Obligations - ARO) associated with facilities related to oil and gas properties. In determining the amount of the provision, assumptions and estimates are required in relation to discount rates and the expected costs to dismantle and remove all plant and equipment from the site and related site restoration.

The abandonment and site restoration provision represents the present value of decommissioning costs relating to oil and gas properties in PT Pertamina EP, PT Pertamina Hulu Energi and PT Pertamina EP Cepu, which are expected to be incurred through year 2035, 2027 and 2036, respectively. These provisions have been calculated by management. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes in the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for necessary decommissioning work required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is dependent on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and natural gas prices, which are inherently uncertain.

The movements in the provision for environmental restoration and reclamation costs are as follows:

	2009	2008	
Saldo awal	6.523.370	6.205.172	*Beginning balance*
Penambahan selama tahun berjalan	251.082	148.505	*Addition during the year*
(Laba)/rugi selisih kurs	(945.903)	1.102.408	*Foreign exchange (gain)/loss*
Biaya *accretion* (Catatan 35)	569.271	686.871	*Accretion expense (Note 35)*
Revisi atas provisi untuk estimasi biaya restorasi dan reklamasi lingkungan hidup	135.260	(1.619.586)	*Revision of the provision for estimated environmental restoration and reclamation costs*
Saldo akhir	**6.533.080**	**6.523.370**	***Ending balance***
Dikurangi : dana yang dibatasi penggunaannya	(434.046)	-	*Less : restricted deposit*
	6.099.034	**6.523.370**	

(Expressed in millions of Rupiah, unless otherwise stated)

18. KEWAJIBAN BIAYA RESTORASI DAN REKLAMASI LINGKUNGAN HIDUP (lanjutan)

Revisi atas estimasi biaya restorasi dan reklamasi lingkungan hidup disebabkan karena perubahan estimasi tingkat inflasi dan suku bunga diskonto.

Sesuai dengan instruksi BPMIGAS, pada tanggal 2 dan 12 Februari 2009, PT Pertamina EP (PT EP) mendepositokan uang sebesar USD45.522.989 (nilai penuh) sebagai dana restorasi dan reklamasi lingkungan hidup ke dalam rekening bersama antara BPMIGAS dan PT EP. Setoran tersebut dicatat sebagai *offset* atas kewajiban biaya restorasi dan reklamasi lingkungan hidup dikarenakan dana tersebut hanya dapat digunakan untuk tujuan tersebut diatas dengan persetujuan dari BPMIGAS atau ditransfer ke BPMIGAS. Dana ini telah dimasukkan ke dalam *cost recovery* di tahun 2009.

18. PROVISION FOR ENVIRONMENTAL RESTORATION AND RECLAMATION COSTS (continued)

The revisions in estimated environmental restoration and reclamation costs were due to changes in the estimated inflation rate and discount rate assumptions.

Based on BPMIGAS instructions dated February 2 and 12, 2009, PT Pertamina EP (PT EP) has deposited US$45,522,989 (full amount) to be used for environmental restoration and reclamation expenditures in a joint bank account between BPMIGAS and PT EP. Such account is recorded as an offset to the provision for environmental restoration and reclamation costs, since such funds may only be used for such purpose with the approval of BPMIGAS or transferred to BPMIGAS. This amount has been included as a recoverable cost for 2009 cost recovery purposes.

19. PENDAPATAN TANGGUHAN / ***19. DEFERRED REVENUE***

	2009	**2008**	
Stasiun Pengisian Bahan Bakar Umum (SPBU)	10.201.971	10.403.625	*Public Fuel Filling Stations (SPBUs)*
Lapangan Sisi-Nubi - KKS Blok Tengah	1.601.246	1.865.281	*Sisi-Nubi field - Tengah Block PSC*
Stasiun Pengisian dan Pengangkutan Bulk Elpiji (SPPBE)	1.129.927	334.702	*LPG Filling and Transport Stations (SPPBEs)*
Transaksi *take or pay gas*	838.113	1.053.001	*Take or pay gas transactions*
HBM bergerak - *landing craft transports* (LCT) dan mobil tangki LPG	558.232	376.408	*Moveable assets - landing craft transports (LCTs) and LPG truck tankers*
Premi asuransi	257.030	313.398	*Insurance premiums*
Lain-lain	344.615	105.649	*Others*
Jumlah	**14.931.134**	**14.452.064**	***Total***
Dikurangi: Bagian lancar	**(1.268.736)**	**(1.113.401)**	***Less: Current portion***
Bagian tidak lancar	**13.662.398**	**13.338.663**	***Non-current portion***

Pendapatan tangguhan terutama meliputi pendapatan tangguhan sehubungan dengan pengakuan aset konsesi (Catatan 11).

Berdasarkan perjanjian paket IV *East Kalimantan System* (EKS), PT Pertamina Hulu Energi Tengah (PHET) (dahulu Pertamina), Anak Perusahaan, telah menerima alokasi atas hasil penjualan gas mulai tahun 1991 berdasarkan cadangan (”*pay for reserve*”) pada lapangan Sisi-Nubi. Hasil penjualan gas tersebut telah diakui sebagai pendapatan yang ditangguhkan oleh PHET sejak tahun 2008 sebagai hasil dari pengalihan *participating interest* Perusahaan di KKS pada tanggal 1 Januari 2008.

Deferred revenue primarily involves deferred revenue related to the recognition of concession assets (Note 11).

Based on the East Kalimantan System (“EKS”) agreement package IV, PT Pertamina Hulu Energi Tengah (“PHET”) (formerly Pertamina), a Subsidiary, received an allocation of gas sales income starting 1991 based on reserves (“pay for reserves”) in the Sisi-Nubi field. These gas sales proceeds have been recognized as deferred revenue by PHET starting in 2008 as a result of the transfer on January 1, 2008 of the Company’s participating interest in this PSC.

(Expressed in millions of Rupiah, unless otherwise stated)

19. PENDAPATAN TANGGUHAN (lanjutan)

Dalam perjanjian EKS, pembayaran kembali untuk penjualan gas yang diterima dimuka akan dilakukan dengan hasil dari produksi gas dari Blok Tengah KKS, setelah penyelesaian seluruh *sunk costs* PHET yang terjadi oleh operator KKS pada pengembangan Sisi-Nubi, bersama dengan *uplift* sebesar 50%.

Lapangan Sisi-Nubi mulai berproduksi pada akhir tahun 2007. Karena penyelesaian semua *sunk costs* dan jumlah hutang *uplift* kepada kontraktor belum dilakukan, PHET belum mengakui pendapatan penjualan gas sehubungan dengan produksi dari lapangan tersebut sampai dengan 31 Desember 2009. Penyelesaian oleh PHET untuk sisa nilai *sunk costs* dan *uplift* yang terkait dengan pengembangan lapangan tersebut diperkirakan akan terjadi pada pertengahan tahun 2010.

Take or pay (TOP) transaksi gas merupakan jumlah yang telah ditagihkan dan diterima sehubungan dengan belum diantarnya volume gas minimum kepada pelanggan berdasarkan perjanjian jual dan beli gas yang bersangkutan. Besaran gas TOP akan diakui sebagai pendapatan ketika besaran gas yang bersangkutan diantar kepada pelanggan.

19. DEFERRED REVENUE (continued)

Under the EKS agreement, the repayment for gas sales income received in advance will be made out of the proceeds of the gas produced from the Tengah Block PSC, after settlement of PHET’s share of all sunk costs incurred by the PSC operator in the development of the Sisi-Nubi field, together with an uplift of 50%.

The Sisi-Nubi field commenced production at the end of 2007. Since the settlement of all sunk costs and uplift amounts due to the contractor has not yet been made, PHET has not recognized any gas sales income in relation to production from this field through December 31, 2009. The settlement by PHET of the remaining amounts due in relation to the sunk costs and uplift in relation to this field’s development is expected to occur in the middle of 2010.

Take or pay (TOP) gas transactions represent amounts billed and collected involving customers not taking delivery of the minimum gas volumes as per the respective gas sale and purchase agreements. TOP gas quantities will be recognized as revenue when the related gas quantities are delivered to customers.

20. HAK MINORITAS ATAS ASET BERSIH ANAK PERUSAHAAN YANG DIKONSOLIDASI

20. MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

	2009	2008	
PT Tugu Pratama Indonesia dan Anak Perusahaan	597.781	574.412	*PT Tugu Pratama Indonesia and Subsidiaries*
PT Pertamina Gas	12.409	15.242	*PT Pertamina Gas*
PT Usayana dan Anak Perusahaan	11.624	14.180	*PT Usayana and Subsidiaries*
PT Pertamina EP	4.578	3.764	*PT Pertamina EP*
PT Pertamina EP Cepu	4.460	-	*PT Pertamina EP Cepu*
PT Patra Niaga dan Anak Perusahaan	2.908	2.978	*PT Patra Niaga and Subsidiaries*
PT Pertamina Training & Consulting	300	208	*PT Pertamina Training & Consulting*
PT Pertamina Tongkang	10	-	*PT Pertamina Tongkang*
Pertamina E&P Libya Limited	-	46.932	*Pertamina E&P Libya Limited*
PT Pelita Air Service dan Anak Perusahaan	-	40	*PT Pelita Air Service and Subsidiary*
Jumlah	**634.070**	**657.756**	***Total***

21. MODAL SAHAM

Sesuai Akta Notaris No. 20 tanggal 17 September 2003 oleh Lenny Janis Ishak, S.H., dan keputusan Menteri Keuangan melalui surat keputusan No. 408/KMK.02/2003 (KMK 408) tanggal 16 September 2003, jumlah modal dasar Perusahaan adalah sebesar Rp200.000.000 yang terdiri dari 200.000.000 saham biasa dengan nilai nominal Rp1.000.000 (nilai penuh) per saham dimana jumlah modal yang ditempatkan adalah sebesar Rp100.000.000 dan telah disetor oleh Pemerintah Republik Indonesia melalui pengalihan kekayaan tertentu dari Pertamina Lama termasuk Anak Perusahaan dan Perusahaan Patungan.

Berdasarkan surat keputusan Menteri Keuangan No. 454/KMK.06/2005 (KMK 454) tanggal 21 September 2005 tentang Penetapan Neraca Pembukaan Sementara Perusahaan per 17 September 2003, nilai penyertaan modal Pemerintah yang berasal dari penyerahan aset dan kewajiban kepada Perusahaan adalah sebesar Rp106.046.386.

Berdasarkan surat keputusan Menteri Keuangan No. 23/KMK.06/2008 pada tanggal 30 Januari 2008, tentang Penetapan Neraca Pembukaan PT Pertamina (Persero) pada tanggal 17 September 2003, jumlah penyertaan modal Pemerintah dalam Perusahaan ditetapkan sebesar Rp82.569.779. Nilai ini terdiri dari seluruh aset dan kewajiban bersih Pertamina Lama tidak termasuk aset pabrik LNG yang dikelola oleh PT Badak NGL dan PT Arun NGL, aset hulu eks kontrak yang saat ini dikelola oleh PT Pertamina EP dan aset berupa tanah dan bangunan tertentu.

21. SHARE CAPITAL

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

Based on the Minister of Finance's decision letter No. 454/KMK.06/2005 (KMK 454) dated September 21, 2005 on the Determination of the Company's Temporary Opening Balance Sheet as of September 17, 2003, the Government's capital contribution resulting from the transfer of assets and liabilities to the Company involved a net amount of Rp106,046,386.

Based on the Minister of Finance's decision letter No. 23/KMK.06/2008 dated January 30, 2008 regarding the Determination of the Opening Balance Sheet of PT Pertamina (Persero) as of September 17, 2003, the total amount of the Government's equity ownership in the Company is Rp82,569,779. This amount consists of all of the former Pertamina Entity's net assets and net liabilities excluding LNG plants operated by PT Badak NGL and PT Arun NGL, former upstream assets currently operated by PT Pertamina EP and certain land and building assets.

(Expressed in millions of Rupiah, unless otherwise stated)

21. MODAL SAHAM (lanjutan)

Pada tanggal 31 Desember 2009 dan 2008, jumlah modal ditempatkan dan disetor Perusahaan adalah sebagai berikut:

21. SHARE CAPITAL (continued)

As of December 31, 2009 and 2008, the Company's issued and paid-up share capital position is as follows:

Pemegang saham	**Jumlah saham ditempatkan dan disetor/** ***Number of issued and paid-up shares***	**Persentase kepemilikan/** ***Percentage of ownership***	**Modal ditempatkan dan disetor/** ***Issued and paid-up share capital***	***Shareholder***
Pemerintah Republik Indonesia	82.569.779	100%	82.569.779	*The Government of the Republic of Indonesia*

Perubahan modal ditempatkan dan disetor Perusahaan dari Rp100.000.000 menjadi Rp82.569.779 telah disetujui dalam Rapat Umum Pemegang Saham tanggal 15 Juni 2009 dan didokumentasikan dengan Akta Notaris No. 11 dari Lenny Janis Ishak, S.H. Perubahan tersebut telah diaktakan dengan Akta Notaris No. 4 tanggal 14 Juli 2009 oleh Lenny Janis Ishak, S.H. dan disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan surat keputusan No. AHU-45429.AH.01.02.tahun 2009 tanggal 14 September 2009. Pengurangan modal saham Perusahaan yang diterbitkan dan disetor berlaku surut sejak tanggal 17 September 2003.

The changes in the Company's issued and paid-up share capital from Rp100,000,000 to Rp82,569,779 have been approved at a General Shareholder's Meeting held on June 15, 2009 and are documented in Notarial Deed No. 11 of Lenny Janis Ishak, S.H. The amendment has been documented by Notarial Deed No. 4 dated July 14, 2009 of Lenny Janis Ishak, S.H. and approved by the Minister of Law and Human Rights of the Republic of Indonesia in decision letter No. AHU-45429.AH.01.02.tahun 2009 dated September 14, 2009. The reduction in the Company's issued and paid-up share capital is effective retrospectively as of September 17, 2003.

22. PENYESUAIAN TERHADAP AKUN EKUITAS DAN BANTUAN PEMERINTAH YANG BELUM DITENTUKAN STATUSNYA

i. Penyesuaian terhadap akun ekuitas

Akun ini terdiri dari:

22. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS

i. Equity adjustments

This account comprises of:

	2009	**2008**	
Beban imbalan kerja tangguhan	(25.216.501)	(25.216.501)	Deferred employee benefits costs
Kewajiban biaya restorasi dan reklamasi lingkungan hidup	(1.266.963)	(1.266.963)	*Provision for environmental restoration and reclamation costs*
Penyesuaian atas pengakuan pendapatan Tengah KKS oleh Pertamina Lama	(479.360)	(479.360)	*Adjustment of revenue recognized by the former Pertamina Entity in relation to the Tengah PSC*
Pengalihan pesawat BAE RJ-85 kepada Sekretariat Negara	(86.549)	(86.549)	*Transfer of a BAE RJ-85 aircraft to the Secretary of State*
Pajak tangguhan dalam kaitannya dengan kewajiban biaya restorasi dan reklamasi lingkungan hidup	513.120	513.120	*Deferred tax in relation to the provision for environmental restoration and reclamation costs*
Penyesuaian perhitungan kewajiban imbalan kerja	563.871	563.871	*Adjustment to the liability for employee benefits*
Pajak tangguhan dalam kaitannya dengan kewajiban imbalan kerja	3.628.515	3.628.515	*Deferred tax in relation to the liability for employee benefits*
Jumlah	**(22.343.867)**	**(22.343.867)**	***Total***

22. PENYESUAIAN TERHADAP AKUN EKUITAS DAN BANTUAN PEMERINTAH YANG BELUM DITENTUKAN STATUSNYA (lanjutan)

i. Penyesuaian terhadap akun ekuitas (lanjutan)

Perusahaan melakukan penyesuaian terhadap akun ekuitas sebagai berikut:

a. Penyesuaian terhadap taksiran kewajiban imbalan kerja serta penyesuaian yang terkait dengan perhitungan pajak tangguhan atas penyesuaian kewajiban tersebut.

Beban terkait dengan kewajiban imbalan kerja sebesar Rp25.216.501 telah diakui dalam neraca pembukaan konsolidasian Perusahaan tertanggal 17 September 2003 sebagai biaya yang ditangguhkan dan menjadi subjek kualifikasi opini auditor atas neraca pembukaan konsolidasian Perusahaan karena tidak sesuai dengan penerapan prinsip akuntansi yang berlaku umum di Indonesia. Perusahaan memutuskan untuk mereklasifikasi beban imbalan kerja yang ditangguhkan tersebut sebagai penyesuaian terhadap akun ekuitas.

Penyesuaian terhadap taksiran kewajiban imbalan kerja pada tanggal 17 September 2003 sebesar Rp563.871 dilakukan berdasarkan laporan aktuaris independen - PT Dayamandiri Dharmakonsilindo pada tanggal 30 Desember 2008.

Perusahaan mengakui penyesuaian pajak tangguhan terkait dengan penyesuaian ekuitas di atas sebesar Rp3.628.515.

b. Penyesuaian terhadap kewajiban biaya restorasi dan reklamasi lingkungan hidup serta penyesuaian yang terkait dengan perhitungan pajak tangguhan atas penyesuaian kewajiban tersebut.

Perusahaan mengakui pembebanan kewajiban restorasi atas aset sumur dan fasilitas produksi yang sudah tidak beroperasi sebelum tanggal pendirian Perusahaan sebagai penyesuaian terhadap akun ekuitas.

22. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

i. Equity adjustments (continued)

The Company recognized the equity adjustments as follows:

a. Adjustment of estimated employee benefits obligations and the related deferred tax adjustment.

The cost associated with employee benefits obligations amounting to Rp25,216,501 was recognized in the Company's opening consolidated balance sheet as of September 17, 2003 as a deferred cost, and was the subject of a qualification in the auditors' opinion on the Company's opening consolidated balance sheet as not being in accordance with the application of generally accepted accounting principles in Indonesia. The Company decided to reclassify the deferred employee benefits obligations cost as an adjustment to equity.

The adjustment to estimated employee benefits obligations amounting to Rp563,871 as of September 17, 2003 is based on an independent actuary's report - PT Dayamandiri Dharmakonsilindo, dated December 30, 2008.

The Company recognized a deferred tax adjustment in relation to the above equity adjustment in the amount of Rp3,628,515.

b. Adjustment for provision for environmental restoration and reclamation costs and the related deferred tax adjustment.

The Company recognized the cost of restoration liabilities involving unused well assets and production facilities dating prior to the Company's establishment as an equity adjustment.

22. PENYESUAIAN TERHADAP AKUN EKUITAS DAN BANTUAN PEMERINTAH YANG BELUM DITENTUKAN STATUSNYA (lanjutan)

i. Penyesuaian terhadap akun ekuitas (lanjutan)

b. Penyesuaian terhadap kewajiban biaya restorasi dan reklamasi lingkungan hidup serta penyesuaian yang terkait dengan perhitungan pajak tangguhan atas penyesuaian kewajiban tersebut (lanjutan).

Jumlah penyesuaian ekuitas yang dibukukan adalah sebesar Rp753.843 merupakan dampak pengakuan pembebanan kewajiban biaya restorasi dan reklamasi lingkungan hidup (ARO) untuk sumur-sumur dan fasilitas produksi terkait yang berhenti beroperasi sebelum tanggal 17 September 2003 sebesar Rp1.266.963, dikurangi penyesuaian pajak tangguhan yang terkait sebesar Rp513.120.

c. Pengalihan Pesawat BAE RJ-85 kepada Sekretariat Negara.

Perusahaan melakukan penyesuaian terhadap akun ekuitas terkait dengan pengalihan aset Anak Perusahaan berupa pesawat BAE RJ-85 senilai Rp86.549 kepada Sekretariat Negara, dimana nilai ini belum diakui di akun ekuitas pada neraca pembukaan konsolidasian Perusahaan.

d. Penyesuaian untuk pengakuan pendapatan yang tidak tepat atas Tengah KKS.

Perusahaan mengakui penyesuaian terhadap akun ekuitas sehubungan dengan pengakuan pendapatan yang tidak tepat berkaitan dengan Tengah KKS dari Pertamina Lama untuk periode dari tahun 1991 sampai 16 September 2003 sebesar Rp479.360. Jumlah tersebut merupakan pendapatan yang ditangguhkan pada tanggal 16 September 2003.

22. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

i. Equity adjustments (continued)

b. Adjustment for provision for environmental restoration and reclamation costs and the related deferred tax adjustment (continued).

The total equity adjustment recognized in the amount of Rp753,843 represents the effect of the recognition of the Asset Retirement Obligations (ARO) liability for wells and related production facilities that had ceased operation before September 17, 2003 in the amount of Rp1,266,963, net of the related deferred tax adjustment of Rp513,120.

c. Transfer of a BAE RJ-85 aircraft to the Secretary of State.

The Company recognized an equity adjustment in relation to the transfer of a Subsidiary's BAE RJ-85 aircraft for an amount of Rp86,549 to the Secretary of State, which amount had not been recognized in equity in the Company's opening consolidated balance sheet.

d. Adjustment for incorrect recognition of revenue from the Tengah PSC.

The Company recognized an equity adjustment in respect to the inappropriate recognition of revenue in relation to the Tengah PSC by the former Pertamina Entity for the period from 1991 through September 16, 2003 of Rp479,360. Such amount represents a deferred income amount as at September 16, 2003.

22. PENYESUAIAN TERHADAP AKUN EKUITAS DAN BANTUAN PEMERINTAH YANG BELUM DITENTUKAN STATUSNYA (lanjutan)

ii. Depot Pengisian Pesawat Udara (DPPU) - DPPU Soekarno Hatta, DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan dan DPPU Ngurah Rai

Berdasarkan beberapa Berita Acara Serah Terima Operasional (BASTO) dari Departemen Perhubungan, Perusahaan telah mendapatkan hak pengelolaan dan operasional atas aset DPPU di beberapa bandara di Indonesia yang meliputi: Soekarno Hatta-Jakarta (Phase 1 dan Phase 2), Juanda-Surabaya, Ketaping-Padang, Sultan Mahmud Badaruddin II-Palembang, Sepinggan-Balikpapan, dan Ngurah Rai-Bali. Jumlah nilai aset DPPU berdasarkan seluruh BASTO tersebut adalah sebesar Rp558.890.

Pada tanggal 15 Juni 2010, Menteri Negara Badan Usaha Milik Negara (BUMN) mengirimkan surat No.S-332/MBU/2010 kepada Menteri Keuangan dan Menteri Perhubungan sehubungan dengan pengelolaan aset *Fuel Supply System*/DPPU di bandara yang seharusnya dikelola oleh perusahaan patungan antara PT Angkasa Pura I (Persero) dan PT Angkasa Pura II (Persero) (selanjutnya keduanya disebut sebagai "Entitas Angkasa Pura") dan Perusahaan. Aset tersebut saat ini dioperasikan oleh Perusahaan. Selanjutnya, surat tersebut juga menyatakan bahwa aset DPPU yang berada di bandara Soekarno Hatta dan Juanda dimiliki oleh Entitas Angkasa Pura. Manajemen Perusahaan menyatakan keberatan atas surat No. S-332/MBU/2010 dan mengirimkan surat keberatan dan klarifikasi melalui surat Direktur Utama No. 926/C00000/2010-S0 tanggal 23 Agustus 2010 kepada Menteri BUMN.

Berdasarkan Notulen Rapat tanggal 27 Juli 2010 antara Perusahaan, Kementerian Perhubungan dan Kementerian Keuangan, disebutkan bahwa sesuai dengan Peraturan Dirjen Perbendaharaan No. PER-10/PB/2007 tanggal 7 Maret 2007, Perusahaan selaku penerima asset DPPU harus mencatat aset tersebut sebagai Bantuan Pemerintah Yang Belum Ditetapkan Statusnya (BPYBDS) dalam kelompok ekuitas sesuai nilai yang disebutkan dalam BASTO.

22. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

ii. *Aircraft Filling Depots (DPPUs) - DPPU Soekarno Hatta, DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan and DPPU Ngurah Rai*

Based on Minutes of Operational Acceptance Certificates (MOACs) from the Department of Transportation, the Company obtained management and operation rights of DPPU assets at certain airports in Indonesia including: Soekarno Hatta-Jakarta (Phase 1 and Phase 2), Juanda-Surabaya, Ketaping,-Padang, Sultan Mahmud Badaruddin II-Palembang, Sepinggan-Balikpapan, and Ngurah Rai-Bali. The total value of the DPPU's assets based on MOACs is Rp558,890.

On June 15, 2010, the Minister of State-owned Enterprises sent a letter No. S-332/MBU/2010 to the Minister of Finance and the Minister of Transportation regarding Management of Fuel Supply System/DPPU assets at airports to the effect that such assets should be managed by a joint venture between PT Angkasa Pura I (Persero) and PT Angkasa Pura II (Persero) (together referred to as "the Angkasa Pura Entities") and the Company. Such assets are currently operated by the Company. Furthermore, such letter also stated that DPPU assets located in Soekarno Hatta and Juanda airports are owned by the Angkasa Pura Entities. Management of the Company disagreed with the position as per the letter No. S-332/MBU/2010 and sent its objection and clarification through a President Director's letter No.926/C00000/2010-S0 dated August 23, 2010 to the Minister of State-Owned Enterprises.

Based on the Minutes of Meeting dated July 27, 2010 between the Company, the Ministry of Transportation and the Ministry of Finance, it is stated that based on the Regulation of the Director General of Treasury No. PER.10/PB/2007 dated on March 7, 2007, the Company as the receiver of the DPPU assets should record those assets as contributed assets from the Government pending clarification of the status of such assets, as part of its equity account based on the value as stated in MOACs.

(Expressed in millions of Rupiah, unless otherwise stated)

22. PENYESUAIAN TERHADAP AKUN EKUITAS DAN BANTUAN PEMERINTAH YANG BELUM DITENTUKAN STATUSNYA (lanjutan)

ii. Depot Pengisian Pesawat Udara (DPPU) - DPPU Soekarno Hatta, DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan dan DPPU Ngurah Rai (lanjutan)

Manajemen berpendapat bahwa pengelolaan aset DPPU tersebut seharusnya berada di Pertamina berdasarkan peran Pertamina sebagai pemasok bahan bakar minyak di Indonesia.

Berdasarkan Persetujuan Direksi No. RRD-69/C00000/2010-S0 tanggal 31 Agustus 2010 dan No. 297/H00000/2010-SO tanggal 16 November 2010, Perusahaan membukukan aset DPPU tersebut pada laporan keuangan konsolidasian tahun 2009 sejumlah Rp558.890 sebagai aset tetap Perusahaan dengan mengkredit akun ekuitas.

22. EQUITY ADJUSTMENTS AND GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS (continued)

ii. Aircraft Filling Depots (DPPUs) - DPPU Soekarno Hatta, DPPU Juanda, DPPU Ketaping, DPPU SMB II, DPPU Sepinggan and DPPU Ngurah Rai (continued)

Management believes that the DPPU assets management should be Pertamina's, responsibility based on Pertamina's role as the supplier of fuel products in Indonesia.

Based on the Board of Directors Approvals No. RRD-69/C00000/2010-S0 dated August 31, 2010 and No. 297/H00000/2010-SO dated November 16, 2010, the Company recorded the DPPU assets in the 2009 consolidated financial statements in the amount of Rp558,890 as the Company's fixed assets with a corresponding credit to equity.

23. UANG MUKA DIVIDEN DAN LAIN-LAIN - BERSIH

23. DIVIDEND ADVANCES AND OTHERS - NET

	2009	2008	
Uang muka dividen tahun:			*Dividend advances for the year:*
2009:			*2009:*
Interim 2008	11.377.932	-	*Interim 2008*
2008:			*2008:*
Interim 2008	4.715.068	4.715.068	*Interim 2008*
Interim 2007	9.390.865	9.390.865	*Interim 2007*
2007:			*2007:*
Interim 2007	1.616.104	1.616.104	*Interim 2007*
Interim 2006	9.511.429	9.511.429	*Interim 2006*
2006:			*2006:*
Interim 2005	-	8.228.418	*Interim 2005*
Interim 2004	-	3.691.653	*Interim 2004*
2005:			*2005:*
Interim 2004	-	4.000.000	*Interim 2004*
Lebih bayar dividen tahun:			*Overpayments of dividends for the year:*
2005	4.676.738	-	*2005*
2004	5.160.398	-	*2004*
2003	499.798	-	*2003*
Sub jumlah	**46.948.332**	**41.153.537**	***Sub total***
Program Kemitraan dan Bina Lingkungan	463.369	222.276	*Partnership and Community Aid Program*
Jumlah	**47.411.701**	**41.375.813**	***Total***
Bagian lancar	**(47.411.701)**	**(6.219.410)**	***Current portion***
Bagian tidak lancar - bersih	**-**	**35.156.403**	***Non-current portion - net***

Pada tahun 2009, Perusahaan menerima surat dari Menteri Negara Badan Usaha Milik Negara No. S-891/MBU/2009 tanggal 28 Desember 2009 yang menetapkan dividen interim tahun 2008 sebesar Rp16.093.000 (lihat Catatan 46c).

In 2009, the Company received a letter from the Minister of State-Owned Enterprises No. S-891/MBU/2009 dated December 28, 2009, notifying the interim dividend for 2008 in the amount of Rp16,093,000 (see Note 46c).

23. UANG MUKA DIVIDEN DAN LAIN-LAIN - BERSIH (lanjutan)

Pada tahun 2009, Perusahaan membayar dividen interim sebesar Rp10.472.489 kepada Pemerintah dari saldo laba tahun 2008. Uang muka dividen selama tahun 2009 tersebut dibayarkan secara tunai sebesar Rp6.132.035, melalui pengurangan dengan piutang atas penggantian biaya subsidi jenis BBM tertentu sebesar Rp3.434.875 (Catatan 6a), dan pengurangan dengan piutang atas penggantian biaya subsidi LPG tabung 3 kg sebesar Rp905.579 (Catatan 6d). Sisa dividen interim sebesar Rp905.443 (Catatan 15) diselesaikan melalui pengurangan dengan piutang dari PT PLN pada tanggal 18 Oktober 2010.

Pada tahun 2008, Perusahaan membayar dividen interim sebesar Rp9.390.865 kepada Pemerintah dari saldo laba tahun 2007 atas permintaan dari Menteri Negara Badan Usaha Milik Negara berdasarkan surat No. S-864/MBU/2008 tanggal 10 November 2008 dan dividen interim dari saldo laba tahun 2008 sebesar Rp3.000.000 atas permintaan dari Menteri Negara Badan Usaha Milik Negara berdasarkan surat No. S-1021/MBU/2008 tanggal 22 Desember 2008 dan Rp1.715.068 atas permintaan Menteri Keuangan berdasarkan surat No. S-696/MK.02/2008 tanggal 11 Desember 2008.

Uang muka dividen selama tahun 2008 tersebut dibayarkan secara tunai sebesar Rp42.365 dan melalui pengurangan dengan piutang atas penggantian biaya subsidi jenis BBM tertentu sebesar Rp1.000.000 (Catatan 6a), dengan piutang dari PT PLN sebesar Rp11.348.499, dan dengan piutang atas DMO *fees* PT Pertamina EP sebesar Rp1.715.068.

Pada tahun 2007, Perusahaan membayar dividen interim kepada Pemerintah dari saldo laba tahun 2006 sebesar Rp9.511.429 dan dividen interim dari saldo laba tahun 2007 sebesar Rp1.616.104 atas permintaan dari Menteri Negara Badan Usaha Milik Negara berdasarkan surat No. S-700/MBU/2007 tanggal 1 Oktober 2007.

23. DIVIDEND ADVANCES AND OTHERS - NET (continued)

In 2009, the Company paid an interim dividend amounting to Rp10,472,489 to the Government from 2008 retained earnings. The dividend advances during 2009 were paid in cash in the amount of Rp6,132,035, by way of offset against receivables for reimbursement of costs subsidy for certain fuel (BBM) products in the amount of Rp3,434,875 (Note 6a), and by way of offset against reimbursement of costs subsidy for LPG 3 kg cylinders in the amount of Rp905,579 (Note 6d). The remaining balance of the interim dividend amounting to Rp905,443 (Note 15) was settled by way of offset against receivables from PT PLN on October 18, 2010.

In 2008, the Company paid an interim dividend amounting to Rp9,390,865 to the Government from 2007 retained earnings based on a request from the Minister of State-Owned Enterprises through letter No. S-864/MBU/2008 dated November 10, 2008 and an interim dividend from 2008 retained earnings amounting to Rp3,000,000 based on a request from the Minister of State-Owned Enterprises through letter No. S-1021/MBU/2008 dated December 22, 2008 and Rp1,715,068 based on a request from the Minister of Finance through letter No. S-696/MK.02/2008 dated December 11, 2008.

The dividend advances during 2008 were paid in cash in the amount of Rp42,365, and by way of offset against receivables for reimbursement of costs subsidy for certain fuel (BBM) products in the amount of Rp1,000,000 (Note 6a), against receivables from PT PLN in the amount of Rp11,348,499, and against PT Pertamina EP's receivables for DMO fees in the amount of Rp1,715,068.

In 2007, the Company paid an interim dividend to the Government from 2006 retained earnings amounting to Rp9,511,429 and an interim dividend from 2007 retained earnings amounting to Rp1,616,104 based on a request from the Minister of State-Owned Enterprises through letter No. S-700/MBU/2007 dated October 1, 2007.

23. UANG MUKA DIVIDEN DAN LAIN-LAIN - BERSIH (lanjutan)

Perusahaan menerima permintaan dari Menteri Negara Badan Usaha Milik Negara melalui surat No. S-848/MBU/2007 tanggal 17 Desember 2007 untuk membayar tambahan uang muka setoran dividen interim sebesar Rp700.000 untuk tahun 2007 (Catatan 15). Namun, sejumlah tersebut belum dibayarkan. Surat Keputusan No. S-305/MBU/2010 tanggal 27 Mei 2010 dari Menteri Badan Usaha Milik Negara selaku Rapat Umum Pemegang Saham (RUPS) perihal penetapan penggunaan laba bersih Perusahaan tahun buku 2006 dan 2007, tidak termasuk tambahan setoran uang muka dividen interim sebesar Rp700.000.

Uang muka dividen selama tahun 2007 tersebut dibayarkan secara tunai sejumlah Rp6.000.000 dan melalui pengurangan piutang atas penggantian biaya subsidi jenis BBM tertentu sejumlah Rp5.127.533**.**

Pada tahun 2006, Perusahaan membayar dividen interim sebesar Rp8.228.418 yang berasal dari saldo laba tahun 2005. Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) tanggal 19 Oktober 2009, pemegang saham telah menyetujui dividen sebesar Rp3.551.680 (Catatan 24) untuk tahun 2005, sehingga terdapat lebih bayar dividen untuk tahun 2005 sebesar Rp4.676.738 yang akan diperhitungkan dengan kurang bayar dividen interim tahun 2006 dan 2007.

Pada tahun 2006 dan 2005, Perusahaan membayar dividen interim untuk tahun 2004 masing-masing sebesar Rp3.691.653 dan Rp4.000.000. Berdasarkan RUPSLB tanggal 19 Oktober 2009, pemegang saham telah menyetujui dividen sebesar Rp2.531.255 (Catatan 24) untuk tahun 2004, sehingga terdapat lebih bayar dividen untuk tahun 2004 sebesar Rp5.160.398 yang akan diperhitungkan dengan kurang bayar dividen interim tahun 2006 dan 2007.

23. DIVIDEND ADVANCES AND OTHERS - NET (continued)

The Company received a request from the Minister of State-Owned Enterprises through letter No. S-848/MBU/2007 dated December 17, 2007 to pay an additional interim dividend advance in the amount of Rp700,000 for 2007 (Note 15). However, this amount has not been paid. The Decision Letter No. S-305/MBU/2010 dated May 27, 2010 from the Minister of State-Owned Enterprises on behalf of the Shareholder's General Meeting regarding the utilization of the Company's net income for 2006 and 2007, does not include the additional interim dividend advance in the amount of Rp700,000.

The dividend advances during 2007 were paid in cash in the amount of Rp6,000,000 and by way of offset against receivables for reimbursement of costs subsidy for certain fuel (BBM) products in the amount of Rp5,127,533.

In 2006, the Company paid an interim dividend amounting to Rp8,228,418 from 2005 retained earnings. Based on the Extraordinary Shareholder's Meeting (ESM) on October 19, 2009, the shareholder approved a dividend of Rp3,551,680 (Note 24) for 2005, resulting in an overpayment of the dividend for 2005 amounting to Rp4,676,738, which amount will be offset against the underpayment of interim dividends for 2006 and 2007.

In 2006 and 2005, the Company paid interim dividends for 2004 amounting to Rp3,691,653 and Rp4,000,000, respectively. Based on the ESM on October 19, 2009, the shareholder approved a dividend of Rp2,531,255 (Note 24) for 2004, resulting in an overpayment of dividends for 2004 amounting to Rp5,160,398, which amount will be offset against the underpayment of interim dividends for 2006 and 2007.

23. UANG MUKA DIVIDEN DAN LAIN-LAIN - BERSIH (lanjutan)

Dividen interim yang dibayarkan di tahun 2004 untuk tahun 2003 sebesar Rp468.928 merupakan perkiraan bagian Pemerintah atas laba bersih Perusahaan tahun 2003, dikurangi piutang atas jasa pemasaran minyak mentah dan gas Perusahaan untuk tahun 2004 sesuai surat Menteri Keuangan No. S-454/MK.02/2005 tanggal 28 Januari 2005 atas kewajiban untuk membayar kepada Pertamina atas biaya subsidi jenis BBM tertentu, *fee* pemasaran hulu, dan pengembalian dana Pertamina yang sebelumnya ditempatkan di Bank of America.

Pada tahun 2006, dividen interim sebesar Rp30.870 untuk tahun 2003 dibayar berdasarkan permintaan dari Direktorat Penerimaan Negara Bukan Pajak melalui surat No. S-98/AG/2006 tanggal 22 November 2006.

Jumlah dividen interim sebesar Rp499.798 ini telah diakui sebagai piutang dari Pemerintah pada tahun 2008, Perusahaan mengalami kerugian untuk periode yang dimulai dari 17 September 2003 sampai dengan 31 Desember 2003.

Pada tanggal 17 Mei 2010, Perusahaan telah menyelenggarakan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) dimana pemegang saham menetapkan bahwa penggunaan laba bersih Perusahaan tahun buku 2006 dan 2007 akan diputuskan secara tersendiri oleh Menteri Negara Badan Usaha Milik Negara selaku RUPS. Menteri Negara Badan Usaha Milik Negara selaku RUPS melalui Surat Keputusan No. S-305/MBU/2010 tanggal 27 Mei 2010 perihal penetapan penggunaan laba bersih Perusahaan tahun buku 2006 dan 2007 telah menetapkan dividen sebesar Rp19.848.350 untuk tahun 2006 dan Rp11.006.970 untuk tahun 2007. Pembayaran dividen tersebut akan diperhitungkan dengan pembayaran dividen interim tahun 2006 dan 2007, serta lebih bayar dividen sejumlah Rp10.336.932 dari tahun-tahun sebelumnya.

23. DIVIDEND ADVANCES AND OTHERS - NET (continued)

The interim dividend payment in 2004 for the year 2003 of Rp468,928 represents the Government's estimated share of the Company's net income for 2003, less the receivable for crude oil and gas marketing fees due to the Company for 2004 in accordance with the Minister of Finance's Letter No. S-454/MK.02/2005 dated January 28, 2005 on the obligation for payment to Pertamina of certain fuel (BBM) products costs subsidy, upstream marketing fees and refund of Pertamina's funds previously maintained in Bank of America.

In 2006, an interim dividend in the amount of Rp30,870 for 2003 was paid based on a request from the Directorate of Non Tax State Revenue through letter No. S-98/AG/ 2006 dated November 22, 2006.

These interim dividends amounting to Rp499,798 have been recognized as amounts due from the Government in 2008, as the Company incurred a loss for the period from September 17, 2003 through December 31, 2003.

On May 17, 2010, the Company held an Extraordinary Shareholder's General Meeting in which the shareholder decided that the utilization of the Company's net income for 2006 and 2007 will be determined separately by the Minister of State-Owned Enterprises on behalf of Shareholder's General Meeting. The Minister of State-Owned Enterprises through Decision Letter No. S-305/MBU/2010 dated May 27, 2010 regarding the utilization of the Company's net income for 2006 and 2007, approved dividends of Rp19,848,350 for 2006 and Rp11,006,970 for 2007. These dividend amounts will be offset against the 2006 and 2007 interim dividend payments and the overpayments of dividends amounting to Rp10,336,932 for previous years.

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

24. SALDO LABA

Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) tahun buku 2003, 2004 dan 2005

Pada tanggal 19 Oktober 2009, Perusahaan menyelenggarakan RUPSLB untuk tahun buku 2003, 2004, dan 2005 dan didokumentasikan dengan Akta Notaris No. 24-26 tanggal 19 Oktober 2009 dari Lenny Janis Ishak, S.H., dimana pemegang saham menetapkan antara lain hal-hal berikut ini:

i. Kerugian untuk periode dari 17 September 2003 (tanggal pendirian) sampai dengan 31 Desember 2003 sebesar Rp3.090.057 telah diterima dan dengan demikian, tidak ada dividen yang diumumkan, dan tidak ada jumlah yang disetujui untuk dialihkan ke cadangan umum.

ii. Penggunaan laba bersih Perusahaan tahun buku 2004 sebesar Rp8.152.568 setelah digunakan untuk menutup akumulasi kerugian sebesar Rp3.090.057 untuk periode yang berakhir pada tanggal 31 Desember 2003:
- Pembagian dividen sebesar Rp2.531.255 (Catatan 23).
- Alokasi cadangan sebesar Rp2.531.255 yang dibagi menjadi cadangan wajib sebesar Rp50.625 dan cadangan lainnya sebesar Rp2.480.630.

iii. Penggunaan laba bersih Perusahaan tahun buku 2005 sebesar Rp7.103.360:
- Pembagian dividen sebesar Rp3.551.680 (Catatan 23).
- Alokasi sebesar Rp102.356 untuk Dana Program Kemitraan.
- Alokasi sebesar Rp34.119 untuk Dana Program Bina Lingkungan.
- Alokasi cadangan sebesar Rp3.415.205 yang dibagi menjadi cadangan wajib sebesar Rp71.034 dan cadangan lainnya sebesar Rp3.344.171.

24. RETAINED EARNINGS

Extraordinary Shareholder's General Meetings (ESMs) for years 2003, 2004 and 2005

On October 19, 2009, the Company held ESMs for the years 2003, 2004, and 2005 as documented in Notarial Deeds No. 24-26 dated October 19, 2009 of Lenny Janis Ishak, S.H., whereby the shareholder approved, amongst others, the following actions:

i. The net loss for the period from September 17, 2003 (inception date) until December 31, 2003 of Rp3,090,057 was accepted and accordingly, no dividend was declared and no amounts were approved for transfer to a general reserve.

ii. Utilization of the Company's net income for 2004 of Rp8,152,568 net of accumulated losses of Rp3,090,057 for the period ended December 31, 2003:
- *Distribution of a dividend of Rp2,531,255 (Note 23).*
- *Allocation of Rp2,531,255 to a general reserve consisting of a compulsory reserve of Rp50,625 and other reserves of Rp2,480,630.*

iii. Utilization of the Company's net income for 2005 of Rp7,103,360:
- *Distribution of a dividend of Rp3,551,680 (Note 23).*
- *Allocation of Rp102,356 to a Partnership Aid Program Fund.*
- *Allocation of Rp34,119 to a Community Aid Program Fund.*
- *Allocation of Rp3,415,205 to a general reserve consisting of a compulsory reserve of Rp71,034 and to other reserves of Rp3,344,171.*

25. PENJUALAN DALAM NEGERI MINYAK MENTAH, GAS BUMI, ENERGI PANAS BUMI DAN HASIL MINYAK

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

	2009	2008	
Gas bumi	19.645.669	19.653.543	*Natural gas*
Domestic Market Obligation (DMO) *fees* - minyak mentah	4.989.146	6.645.574	*Domestic Market Obligation (DMO) fees - crude oil*
Panas bumi - uap dan listrik	4.276.638	4.443.774	*Geothermal energy - steam and electricity*
Minyak mentah	1.855.527	1.612.068	*Crude oil*
Hasil minyak:			*Oil products:*
Minyak solar	108.242.605	158.939.356	*Automotive diesel oil (ADO)*
Bensin premium	84.730.485	93.148.329	*Premium gasoline*

(Expressed in millions of Rupiah, unless otherwise stated)

25. PENJUALAN DALAM NEGERI MINYAK MENTAH, GAS BUMI, ENERGI PANAS BUMI DAN HASIL MINYAK (lanjutan)

25. DOMESTIC SALES OF CRUDE OIL, NATURAL GAS, GEOTHERMAL ENERGY AND OIL PRODUCTS (continued)

	2009	2008	
LPG, petrokimia, pelumas dan lainnya	30.505.264	25.641.945	*LPG, petrochemicals, lubricants and others*
Minyak bakar	16.144.523	25.124.889	*Industrial/Marine fuel oil (IFO/MFO)*
Avtur dan Avigas	15.442.416	16.454.881	*Avtur and Avigas*
Minyak tanah	11.639.048	16.508.779	*Kerosene*
Pertamax, Pertamax Plus *(gasoline)* dan Pertadex (diesel)	3.143.377	2.592.555	*Pertamax, PertamaxPlus (gasoline) and Pertadex (diesel)*
Minyak diesel	506.528	1.173.935	*Industrial diesel oil (IDO)*
Lain-lain	2.649.439	1.832.926	*Others*
Jumlah	**303.770.665**	**373.772.554**	***Total***

Termasuk di dalam akun penjualan LPG sebesar Rp3.498.443 pada tahun 2009 (2008: Rp2.266.962 pada tahun 2008) dan di dalam akun Lain-lain sebesar Rp2.020.071 pada tahun 2009 (2008: Rp1.268.836) yang merupakan penggantian biaya program konversi minyak tanah (mitan) ke LPG.

Included in the 2009 LPG sales is the amount of Rp3,498,443 (2008: Rp2,266,962) and in Others is the amount of Rp2,630,867 in 2009 (2008: Rp1,268,836) representing reimbursements for costs of kerosene conversion to LPG program.

26. PENGGANTIAN BIAYA SUBSIDI JENIS BBM TERTENTU DAN LPG DARI PEMERINTAH

26. CERTAIN FUEL (BBM) PRODUCTS AND LPG COST SUBSIDY REIMBURSEMENTS FROM THE GOVERNMENT

	2009	2008	
Tahun berjalan:			*Current year:*
Jumlah penggantian biaya subsidi jenis BBM tertentu yang diklaim oleh Perusahaan sebelum koreksi Badan Pemeriksa Keuangan (BPK)	37.106.393	136.033.842	*Total reimbursements of BBM cost subsidy claimed by the Company before Supreme Audit Agency (BPK) corrections*
Koreksi BPK (Catatan 6a)	(33.134)	(176.300)	*BPK corrections (Note 6a)*
Jumlah bersih penggantian biaya subsidi jenis BBM tertentu (Catatan 6a)	37.073.259	135.857.542	*Net amount of reimbursements of costs subsidy for certain fuel (BBM) products (Note 6a)*
Kelebihan penggantian biaya subsidi jenis BBM tertentu	(2.172.955)	(1.656.311)	*Excess reimbursement of certain fuel (BBM) product costs subsidy*
Jumlah penggantian biaya subsidi jenis BBM tertentu yang disetujui oleh Menteri Keuangan	34.900.304	134.201.231	*Total certain fuel (BBM) products costs subsidy reimbursements approved by the Minister of Finance*
Jumlah penggantian biaya subsidi LPG tabung 3 kg (Catatan 6d)	7.780.783	3.833.968	*Total reimbursement of costs subsidy for LPG 3 kg cylinders (Note 6d)*
Jumlah penggantian biaya subsidi jenis BBM tertentu dan LPG dari Pemerintah	42.681.087	138.035.199	*Total certain fuel (BBM) products and LPG costs subsidy reimbursements from the Government*
Koreksi tahun sebelumnya:			*Prior years' corrections*:
Koreksi dari BPK untuk tahun 2003 - 2005 (Catatan 6a)	(1.315.031)	-	*Corrections by the BPK for 2003 - 2005 (Note 6a)*
Jumlah penggantian biaya subsidi jenis BBM tertentu dan LPG dari Pemerintah	**41.366.056**	**138.035.199**	***Total certain fuel (BBM) products and LPG costs subsidy reimbursements from the Government***

(Expressed in millions of Rupiah, unless otherwise stated)

27. IMBALAN JASA PEMASARAN / *27. MARKETING FEES*

	2009	2008	
LNG	1.185.782	1.301.053	*LNG*
Minyak mentah	146.163	158.231	*Crude oil*
Pipa gas	77.137	89.700	*Gas pipeline*
Jumlah	**1.409.082**	**1.548.984**	***Total***

28. PENDAPATAN USAHA DARI AKTIVITAS OPERASI LAINNYA / *28. REVENUES IN RELATION TO OTHER OPERATING ACTIVITIES*

	2009	2008	
Amortisasi pendapatan tangguhan	773.873	644.255	*Amortization of deferred revenue*
Jasa transportasi udara	463.729	465.433	*Air transportation services*
Jasa kesehatan dan rumah sakit	395.683	341.644	*Health and hospital services*
Jasa transportasi gas bumi	372.777	294.669	*Natural gas transportation services*
Jasa pengeboran	272.642	369.499	*Drilling services*
Jasa asuransi	259.099	551.934	*Insurance services*
Jasa perkapalan	235.115	262.291	*Shipping services*
Jasa perkantoran dan perhotelan	163.222	130.799	*Office and hospitality services*
Jasa teknik dan transportasi	156.565	469.373	*Technical and transportation services*
Lain-lain	136.656	117.430	*Others*
Jumlah	**3.229.361**	**3.647.327**	***Total***

29. BEBAN POKOK PENJUALAN / *29. COST OF GOODS SOLD*

	2009	2008	
Saldo awal persediaan hasil minyak	35.226.409	37.514.841	*Beginning balance of oil products*
Penyisihan penurunan nilai persediaan atas hasil minyak (Catatan 7)	(7.357.902)	(2.070.604)	*Allowance for decline in value of inventory of oil products (Note 7)*
	27.868.507	35.444.237	
Beban produksi:			*Production costs:*
Minyak mentah	202.389.995	278.902.460	*Crude oil*
Bahan pembantu	1.650.489	1.733.045	*Supporting materials*
Beban upah langsung	2.229.491	2.331.963	*Direct labor cost*
Beban *overhead :*			*Overhead cost :*
- Sewa	3.755.097	3.506.113	*Rent-*
- Penyusutan, deplesi dan amortisasi (Catatan 9)	2.328.014	2.345.225	*Depreciation, depletion and amortization (Note 9) -*
- Material dan peralatan	994.581	1.071.180	*Materials and equipment-*
- Perawatan dan perbaikan	951.219	745.680	*Maintenance and repairs-*
- Utilitas, prasarana, bahan bakar	925.562	1.553.070	*Utilities, infrastructure and fuel-*
- Pajak, retribusi dan denda	789.873	371.967	*Tax, retributions and penalties-*
- Jasa profesional	688.611	658.245	*Professional services-*
- Angkut dan transportasi	375.406	1.148.161	*Freight and transportation-*
- Perjalanan dinas	183.854	200.994	*Business travel-*
- Perizinan, lisensi, dan royalti	48.150	31.695	*Permits, licenses and royalties-*
- *Overhead* lainnya	292.957	978.366	*Other overheads-*
	217.603.299	295.578.164	

(Expressed in millions of Rupiah,
unless otherwise stated)

29. BEBAN POKOK PENJUALAN (lanjutan) / *29. COST OF GOODS SOLD (continued)*

	2009	2008	
Pembelian hasil minyak dan lainnya			*Purchases of oil products and others*
- Impor bensin premium	51.190.752	54.133.715	*Imports of premium gasoline -*
- Impor minyak solar	27.466.361	84.135.187	*Imports of automotive diesel oil (ADO) -*
- Impor minyak bakar	7.025.383	10.189.651	*Imports of industrial/marine fuel oil (IFO/MFO) -*
- Impor minyak tanah	361.171	2.644.811	*Imports of kerosene -*
- Impor hasil minyak lainnya	1.612.112	13.527.478	*Imports of other oil products -*
- Pembelian domestik hasil minyak lainnya	579.944	5.284.493	*Domestic purchases of other oil products -*
	88.235.723	169.915.335	
Pembelian gas bumi dan energi panas bumi			*Purchases of natural gas and geothermal energy*
- Pembelian gas bumi	6.029.753	9.575.516	*Purchases of natural gas -*
- Pembelian energi panas bumi	3.026.888	2.948.304	*Purchases of geothermal energy -*
	9.056.641	12.523.820	
Saldo akhir persediaan hasil minyak	(33.569.744)	(35.226.409)	*Ending balance of oil products*
Penyisihan penurunan nilai persediaan atas hasil minyak (Catatan 7)	147.342	7.357.902	*Allowance for decline in value of inventory of oil products (Note 7)*
	(33.422.402)	(27.868.507)	
Jumlah	**309.341.768**	**485.593.049**	***Total***

30. BEBAN PRODUKSI HULU DAN *LIFTINGS* / *30. UPSTREAM PRODUCTION AND LIFTING COSTS*

	2009	2008	
Mitra TAC	4.025.736	4.643.159	*TAC Contractors*
Penyusutan, deplesi dan amortisasi (Catatan 10)	2.643.393	2.166.989	*Depreciation, depletion and amortization (Note 10)*
Material	1.862.204	2.067.640	*Materials*
Gaji	1.157.812	1.091.813	*Salaries*
Kontrak	2.148.805	2.719.369	*Contracts*
Lain-lain	998.979	535.840	*Others*
Jumlah	**12.836.929**	**13.224.810**	***Total***

31. BEBAN EKSPLORASI / *31. EXPLORATION COSTS*

	2009	2008	
Seismik, geologi, dan geofisika	921.623	361.626	*Seismic, geological and geophysical*
Indonesian Participation/Pertamina Participating Interests	224.029	292.406	*Indonesian Participation/Pertamina Participating Interests*
Sumur kering	596.626	95.354	*Dry holes*
Lain-lain	235.920	55.894	*Others*
Jumlah	**1.978.198**	**805.280**	***Total***

(Expressed in millions of Rupiah,
unless otherwise stated)

32. BEBAN DARI AKTIVITAS OPERASI LAINNYA

32. EXPENSES IN RELATION TO OTHER OPERATING ACTIVITIES

	2009	2008	
Beban pokok penjualan	1.316.343	1.690.724	*Cost of goods sold*
Gaji, upah dan tunjangan karyawan lainnya	280.667	326.592	*Salaries, wages and other employee benefits*
Transportasi	276.597	199.399	*Transportation*
Penyusutan dan amortisasi (Catatan 9)	175.950	201.232	*Depreciation and amortization (Note 9)*
Klaim asuransi	160.917	209.722	*Insurance claims*
Jasa sub-kontraktor	29.757	17.762	*Sub-contractor services*
Lain-lain	87.371	47.522	*Others*
Jumlah	**2.327.602**	**2.692.953**	***Total***

33. BEBAN PENJUALAN DAN PEMASARAN

33. SELLING AND MARKETING EXPENSES

	2009	2008	
Operasi aset konsesi	6.048.726	5.635.299	*Concession assets operations*
Angkut dan transportasi	2.286.653	1.697.053	*Freight and transportation*
Penyusutan, deplesi dan amortisasi (Catatan 9 dan 11)	1.668.586	1.532.185	*Depreciation, depletion and amortization (Notes 9 and 11)*
Gaji, upah dan tunjangan karyawan lainnya	1.171.233	1.166.547	*Salaries, wages and other employee benefits*
Biaya stasiun pengisian dan pengangkutan bulk Elpiji	993.204	379.404	*LPG filling and transport station expense*
Jasa profesional	401.283	272.901	*Professional services*
Perizinan dan lisensi	345.393	196.439	*Permits and licenses*
Iklan dan promosi	317.100	477.338	*Advertising and promotion*
Perawatan dan perbaikan	251.744	423.006	*Maintenance and repairs*
Material dan peralatan	214.138	150.465	*Materials and equipment*
Sewa	201.053	218.610	*Rent*
Utilitas, prasarana dan bahan bakar	156.281	368.423	*Utilities, infrastucture and fuel*
Perjalanan dinas	141.670	146.971	*Business travel*
Penjualan lainnya	28.356	21.222	*Other selling expenses*
Jumlah	**14.225.420**	**12.685.863**	***Total***

34. BEBAN UMUM DAN ADMINISTRASI

34. GENERAL AND ADMINISTRATION EXPENSES

	2009	2008	
Gaji, upah dan tunjangan karyawan lainnya	3.060.776	2.452.969	*Salaries, wages and other employee benefits*
Jasa profesional	2.728.615	2.580.196	*Professional services*
Pajak, retribusi dan denda	971.799	1.164.107	*Taxes, retributions and penalties*
Penyusutan, deplesi dan amortisasi (Catatan 8, 9 dan 10)	612.583	970.387	*Depreciation, depletion and amortization (Notes 8, 9 and 10)*
Perawatan dan perbaikan	495.322	416.302	*Maintenance and repairs*
Material dan peralatan	336.495	229.338	*Materials and equipment*
Sewa	331.580	135.281	*Rent*
Penyisihan piutang ragu-ragu - bersih	305.478	909.708	*Provision for doubtful accounts - net*
Perjalanan dinas	185.435	77.681	*Business travel*
Pelatihan, pendidikan dan rekrutmen	146.393	32.865	*Training, education, and recruitment*
Lain-lain (masing-masing di bawah Rp100.000)	1.009.666	1.299.608	*Others (each below Rp100,000)*
Jumlah	**10.184.142**	**10.268.442**	***Total***

(Expressed in millions of Rupiah,
unless otherwise stated)

35. BEBAN BUNGA - BERSIH

35. INTEREST EXPENSE - NET

	2009	2008	
Pendapatan bunga:			***Interest income:***
Surat hutang dan MTN (Catatan 8)	566.553	236.300	*Promissory notes and MTNs (Note 8)*
Deposito berjangka dengan jatuh tempo 3 (tiga) bulan atau kurang	483.656	308.155	*Deposits with maturities of 3 (three) months or less*
Investasi jangka pendek	184.984	87.685	*Short-term investments*
Jasa giro	98.152	152.344	*Current accounts*
Beban bunga:			***Interest expense:***
Biaya bunga sewa pembiayaan	(643.383)	(881.916)	*Finance lease interest expense*
Biaya akresi atas kewajiban biaya restorasi dan reklamasi lingkungan hidup (Catatan 18)	(569.271)	(686.871)	*ARO accretion expense (Note 18)*
Pinjaman jangka pendek	(352.820)	(455.083)	*Short-term loans*
Pinjaman jangka panjang	(213.095)	(167.220)	*Long-term loans*
Lain-lain	(51.886)	(97.987)	*Others*
Bersih	**(497.110)**	**(1.504.593)**	***Net***

36. (BEBAN)/PENDAPATAN LAIN-LAIN - BERSIH

36. OTHER (EXPENSES)/INCOME - NET

	2009	2008	
Denda kontrak dan material	179.102	181.227	*Contract and materials penalties*
Imbalan jasa pungut pajak bahan bakar kendaraan bermotor (PBBKB)	135.759	149.121	*Collection fees for tax on vehicle fuel (PBBKB) services*
Klaim	131.884	223.580	*Claims*
Peralatan dan perlengkapan	121.261	175.869	*Supplies and equipment*
Kerugian dari pelepasan investasi	(95.682)	-	*Loss on sale of investments*
Signature bonuses	(156.162)	-	*Signature bonuses*
Kerugian dari pelepasan aset tetap dan penyisihan penurunan nilai	(388.568)	(262.710)	*Loss on disposal of fixed assets and impairment provision*
Provisi atas biaya modal yang belum dikeluarkan	(411.775)	-	*Provision for unspent capital contract expenditures*
Lain-lain	(173.307)	1.544.873	*Others*
Bersih	**(657.488)**	**2.011.960**	***Net***

(Expressed in millions of Rupiah,
unless otherwise stated)

37. PERPAJAKAN / *37. TAXATION*

a. Pajak dibayar di muka: / *a. Prepaid taxes:*

	2009	2008	
Perusahaan:			*The Company:*
Tagihan pajak penghasilan badan			*Refundable corporate income tax*
2003	40.441	40.441	*2003*
2004	397.837	397.837	*2004*
2005	1.728.794	1.728.794	*2005*
2007	1.109.670	1.109.670	*2007*
2008	6.947.247	6.873.584	*2008*
2009	4.496.093	-	*2009*
PPN - bersih	-	302.610	*VAT - net*
Pajak lain-lain	11.140	11.563	*Other taxes*
Jumlah - Perusahaan	14.731.222	10.464.499	*Total - Company*
Anak Perusahaan:			*Subsidiaries:*
PPN yang dapat ditagihkan kembali (Catatan 12)	1.093.351	692.643	*Reimbursable VAT (Note 12)*
PPN	177.566	117.805	*VAT*
Pajak lain-lain	189.835	110.402	*Other taxes*
Jumlah - Anak Perusahaan	1.460.752	920.850	*Total - Subsidiaries*
Jumlah	**16.191.974**	**11.385.349**	***Total***
Bagian lancar	**(1.378.758)**	**(920.850)**	***Current portion***
Bagian tidak lancar (Catatan 12)	**14.813.216**	**10.464.499**	***Non-current portion (Note 12)***

Perusahaan telah menyampaikan SPT PPh Badan tahun 2009 ke Otoritas Perpajakan pada tanggal 30 April 2010, berdasarkan laporan keuangan Perusahaan yang belum diaudit dimana dilaporkan kelebihan pajak sejumlah Rp2.178.848. Berdasarkan laporan keuangan Perusahaan tahun 2009 yang telah diaudit, Perusahaan mengakui lebih bayar PPh Badan sebesar Rp4.496.093 pada tanggal 31 Desember 2009. Perusahaan berencana untuk menyampaikan pembetulan SPT PPh Badan tahun 2009 berdasarkan laporan keuangan yang sudah diaudit.

The Company submitted its 2009 corporate income tax (CIT) return to the Tax Authorities on April 30, 2010, based on unaudited financial statement information and reported an overpayment of CIT amounting to Rp2,178,848. Based on the Company's 2009 audited financial statements, the Company's overpayment of CIT amounts to Rp4,496,093 as of December 31, 2009. The Company plans to submit a revised 2009 CIT return based on the 2009 audited financial statements.

Perusahaan telah menyampaikan SPT PPh Badan tahun 2008 ke Otoritas Perpajakan pada tanggal 17 Februari 2010, berdasarkan laporan keuangan Perusahaan yang belum diaudit dimana dilaporkan kelebihan pajak sejumlah Rp6.937.107. Berdasarkan laporan keuangan Perusahaan tahun 2008 yang telah diaudit, Perusahaan mengakui lebih bayar PPh Badan tahun 2008 sebesar Rp6.947.247 pada tanggal 31 Desember 2009 (2008: Rp6.873.584 - tidak termasuk cicilan PPh Badan bulan Desember 2008 yang dibayar di bulan Januari 2009 sebesar Rp73.663). Perusahaan telah menyampaikan pembetulan SPT PPh Badan tahun 2008 berdasarkan laporan keuangan yang sudah diaudit ke Otoritas Perpajakan pada tanggal 25 Agustus 2010.

The Company submitted its 2008 corporate income tax (CIT) return to the Tax Authorities on February 17, 2010, based on unaudited financial statement information and reported an overpayment of CIT amounting to Rp6,937,107. Based on the Company's 2008 audited financial statements, the Company's overpayment of 2008 CIT amounts to Rp6,947,247 as of December 31, 2009 (2008: Rp6,873,584 - excluding the CIT installment for December 2008 paid in January 2009 amounting to Rp73,663). The Company submitted a revised 2008 CIT return based on the 2008 audited financial statements to the Tax Authorities on August 25, 2010.

(Expressed in millions of Rupiah, unless otherwise stated)

37. PERPAJAKAN (lanjutan)

37. TAXATION (continued)

b. Hutang pajak:

b. Taxes payable:

	2009	2008	
Perusahaan:			*The Company:*
Pajak penghasilan:			*Income taxes:*
Badan - 2006	-	1.089.652	*Corporate - 2006*
Pasal 4 (2)	9.910	-	*Article 4 (2)*
Pasal 15	14.654	13.320	*Article 15*
Pasal 21	109.841	108.734	*Article 21*
Pasal 22	99.615	75.007	*Article 22*
Pasal 23	25.484	30.403	*Article 23*
Pasal 26	1.596	3.987	*Article 26*
PPN - bersih	381.192	-	*VAT - net*
Pajak lain-lain	790.299	801.007	*Other taxes*
Jumlah - Perusahaan	1.432.591	2.122.110	*Total - Company*
Anak Perusahaan:			*Subsidiaries:*
PT Pertamina EP			*PT Pertamina EP*
Pajak penghasilan dan dividen:			*Income tax and tax on dividends:*
- 2005	361.599	821.689	*2005 -*
- 2006			*2006 -*
(2009: USD64.840.516 - nilai penuh	609.501	-	*(2009: US$64,840,516 - full amount*
2008: USD194.068.274 - nilai penuh)	-	2.125.048	*2008: US$194,068,274 - full amount)*
- 2007			*2007 -*
(2009: USD9.289.765 - nilai penuh	87.324	-	*(2009: US$9,289,765 - full amount*
2008: USD124.558.289 - nilai penuh)	-	1.363.913	*2008: US$124,558,289 - full amount)*
- 2008			*2008 -*
(2009: USD17.453.798 - nilai penuh	164.066	-	*(2009: US$17,453,798 - full amount*
2008: USD106.328.365 - nilai penuh)	-	1.164.295	*2008: US$106,328,365 - full amount)*
- 2009			*2009 -*
(2009: USD53.830.552 - nilai penuh)	506.007	-	*(2009: US$53,830,552 - full amount)*
Pajak lain-lain	57.056	53.183	*Other taxes*
PT Pertamina Hulu Energi			*PT Pertamina Hulu Energi*
Pajak penghasilan badan - 2009	-	1.169.682	*Corporate income tax - 2009*
Pasal 21	747.461	2.430	*Article 21*
Anak Perusahaan - lainnya :			*Subsidiaries - others:*
Pajak penghasilan badan	89.993	182.374	*Corporate income tax*
PPN	336.486	316.972	*VAT*
Pajak lain-lain	160.286	203.432	*Other taxes*
Jumlah - Anak Perusahaan	3.119.779	7.403.018	*Total - Subsidiaries*
Jumlah - Konsolidasian	**4.552.370**	**9.525.128**	***Total - Consolidated***

(Expressed in millions of Rupiah, unless otherwise stated)

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

c. Beban/(manfaat) pajak penghasilan / *c. Income tax expense/(benefit)*

	2009	2008	
Perusahaan:			***The Company:***
Pajak kini	-	1.396.845	*Current tax*
Pajak tangguhan	2.363.415	(727.958)	*Deferred tax*
	2.363.415	668.887	
Anak perusahaan:			***Subsidiaries:***
Pajak kini	8.995.079	12.642.173	*Current tax*
Pajak tangguhan	782.104	(9.747)	*Deferred tax*
	9.777.183	12.632.426	
Jumlah:			***Total:***
Pajak kini	8.995.079	14.039.018	*Current tax*
Pajak tangguhan	3.145.519	(737.705)	*Deferred tax*
	12.140.598	**13.301.313**	

d. Pajak kini / *d. Current taxes*

Rekonsiliasi antara laba konsolidasian sebelum beban pajak penghasilan sebagaimana tercermin pada laporan laba rugi konsolidasian dan rugi fiskal/pendapatan kena pajak Perusahaan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

The reconciliation between the consolidated income before income tax expense as shown in the consolidated statements of income and the Company's tax loss/taxable income for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008	
Laba konsolidasian sebelum beban pajak penghasilan	27.819.583	33.030.209	*Consolidated income before income tax expense*
Dikurangi:			*Less:*
Laba sebelum beban pajak penghasilan dari Anak Perusahan dan perusahaan asosiasi	(21.393.384)	(34.171.368)	*Income before income tax expense of Subsidiaries and associated companies*
Jurnal eliminasi	11.734.142	21.776.486	*Elimination entry*
Laba sebelum beban pajak penghasilan - Perusahaan	18.160.341	20.635.327	*Income before income tax expense - the Company*
Ditambah/(dikurangi):			*Add/(less):*
Beda temporer:			*Temporary differences:*
Penyusutan aset tetap	(851.400)	(46.797)	*Fixed assets depreciation*
Estimasi biaya kewajiban imbalan kerja	(669.113)	(2.899.874)	*Estimated employee benefits obligations expense*
Cadangan insentif dan tantiem	(292.471)	43.946	*Provisions for incentives and performance bonuses (tantiem)*
(Pembalikan cadangan)/cadangan penurunan nilai persediaan	(9.840.099)	7.996.998	*(Reversal of provision)/provision for decline in value of inventories*
(Pembalikan penyisihan)/penyisihan piutang ragu-ragu	(91.089)	643.504	*(Reversal of allowance)/allowance for doubtful accounts*
Biaya hukum yang masih harus dibayar	(52.036)	54.244	*Accrued legal costs*
Aset dan kewajiban sewa pembiayaan	(42.173)	(14.708)	*Finance lease assets and liabilities*
Aset yang tidak dikapitalisasi	7.488	(9.817)	*Non-capital assets*
Sub jumlah beda temporer	(11.830.893)	5.767.496	*Sub total temporary differences*

(Expressed in millions of Rupiah, unless otherwise stated)

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

d. Pajak kini (lanjutan) / *d. Current taxes (continued)*

	2009	2008	
Beda tetap:			*Permanent differences:*
Cadangan biaya kesehatan pensiunan	(585.106)	1.059.219	*Provision for post-retirement healthcare benefits*
Aset tetap yang tidak dapat disusutkan untuk keperluan pajak	983.880	823.524	*Non-tax deductible fixed assets depreciation*
Pendapatan usaha Anak Perusahaan dan perusahaan asosiasi	(9.964.620)	(23.204.193)	*Income from Subsidiaries and associated companies*
Amortisasi pendapatan tangguhan	(773.873)	(644.255)	*Amortization of deferred revenue*
Pendapatan bunga yang sudah terkena pajak penghasilan final dicatat setelah dikurangi pajak	(1.010.103)	(464.484)	*Interest income, subject to final tax withholding at source, recorded on a net of tax basis*
Beban yang tidak dapat dikurangkan - lain-lain	1.304.499	683.516	*Non-deductible expenses - other*
Sub jumlah beda tetap	(10.045.323)	(21.746.673)	*Sub total - permanent differences*
(Rugi fiskal)/laba kena pajak	(3.715.875)	4.656.150	*(Tax loss)/taxable income*
Pajak penghasilan kini	-	1.396.845	*Current income tax expense*
Dikurangi:			*Less:*
Pajak penghasilan dibayar di muka:			*Prepaid taxes:*
Pasal 22	(4.346.525)	(7.136.411)	*Article 22*
Pasal 23	(1.938)	(300.597)	*Article 23*
Pasal 25	(147.326)	(831.241)	*Article 25*
Fiskal	(304)	(2.180)	*Fiscal*
Sub jumlah pajak penghasilan dibayar di muka	(4.496.093)	(8.270.429)	*Sub total prepaid income taxes*
Jumlah pajak penghasilan lebih bayar - Perusahaan	**4.496.093**	**6.873.584**	***Total overpayment of income tax - the Company***

Pada bulan September 2008, Undang-undang No. 7 Tahun 1983 mengenai "Pajak Penghasilan" diubah dengan Undang-undang No. 36 Tahun 2008. Perubahan tersebut mencakup perubahan tarif pajak penghasilan badan dari sebelumnya menggunakan tarif pajak bertingkat menjadi tarif tunggal yaitu 28% untuk tahun fiskal 2009 dan 25% untuk tahun fiskal 2010 dan seterusnya. Sampai dengan tahun fiskal 2008, perusahaan di Indonesia umumnya dikenakan tarif pajak progresif sampai maksimal 30%. Perusahaan mencatat dampak perubahan tarif pajak tersebut yang meliputi beban sebesar Rp334.661 sebagai bagian dari beban pajak tangguhan tahun 2009 (2008: Rp1.002.119).

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" was revised with Law No. 36 Year 2008. The revised Law stipulates changes in the corporate tax rate from a marginal tax rate to a single rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 and onwards. Through fiscal year 2008, companies in Indonesia were generally subject to progressive tax rates up to a maximum of 30%. The Company recorded the impact of the changes in tax rates which involved an expense of Rp334,661 as part of the deferred tax expense in 2009 (2008: Rp1,002,119).

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

e. Pajak tangguhan / *e. Deferred tax*

Rincian aset dan kewajiban pajak tangguhan pada tanggal 31 Desember 2009 dan 2008 adalah sebagai berikut:

The details of deferred tax assets and liabilities as of December 31, 2009 and 2008 are as follows:

	2009	2008	
Aset pajak tangguhan			***Deferred tax assets***
Perusahaan:			***The Company:***
Kewajiban imbalan kerja	2.257.692	2.424.970	*Employee benefits obligations*
Aset tetap	694.150	905.106	*Fixed assets*
Penyisihan penurunan nilai aset *Non-Free* dan *Non-Clear*	293.078	293.078	*Provision for impairment of Non-Free and Non-Clear assets*
Cadangan bonus dan insentif	151.248	251.290	*Provision for bonuses and incentives*
Penyisihan piutang ragu-ragu	138.103	160.876	*Allowance for doubtful accounts*
Penyisihan penurunan nilai persediaan	108.307	2.876.531	*Provision for decline in value of inventories*
Aset dan kewajiban sewa pembiayaan yang terkait	(16.663)	(6.561)	*Finance lease assets and related liabilities*
Kewajiban lain-lain	89.996	103.005	*Other liabilities*
Rugi fiskal	928.969	-	*Tax loss*
	4.644.880	7.008.295	
Anak Perusahaan:			***Subsidiaries:***
PT Pertamina Hulu Energi dan Anak Perusahaan	756.645	779.297	*PT Pertamina Hulu Energi and Subsidiaries*
PT Pertamina EP Cepu	419.498	255.770	*PT Pertamina EP Cepu*
PT Usayana dan Anak Perusahaan	40.129	42.637	*PT Usayana and Subsidiaries*
PT Tugu Pratama Indonesia dan Anak Perusahaan	34.703	29.930	*PT Tugu Pratama Indonesia and Subsidiaries*
PT Pelita Air Service dan Anak Perusahaan	32.453	1.618	*PT Pelita Air Service and Subsidiary*
PT Pertamina Bina Medika	28.751	27.379	*PT Pertamina Bina Medika*
PT Pertamina Tongkang dan Anak Perusahaan	22.411	29.476	*PT Pertamina Tongkang and Subsidiaries*
PT Patra Niaga dan Anak Perusahaan	14.783	17.451	*PT Patra Niaga and Subsidiaries*
PT Patra Jasa	12.384	11.878	*PT Patra Jasa*
PT Pertamina Gas	3.952	3.980	*PT Pertamina Gas*
PT Pertamina Dana Ventura	3.403	10.106	*PT Pertamina Dana Ventura*
PT Pertamina Drilling Service Indonesia	-	905	*PT Pertamina Drilling Service Indonesia*
PT Patra Dok Dumai	-	1.080	*PT Patra Dok Dumai*
PT Pertamina Training & Consulting	-	109	*PT Pertamina Training & Consulting*
	1.369.112	1.211.616	
Jumlah aset pajak tangguhan - konsolidasian - bersih	**6.013.992**	**8.219.911**	***Total deferred tax assets - consolidated - net***

(Expressed in millions of Rupiah, unless otherwise stated)

37. PERPAJAKAN (lanjutan) / *37. TAXATION (continued)*

e. Pajak tangguhan (lanjutan) / *e. Deferred tax (continued)*

	2009	2008	
Kewajiban pajak tangguhan Anak Perusahaan:			***Deferred tax liabilities Subsidiaries:***
PT Pertamina EP	(2.338.597)	(1.275.558)	*PT Pertamina EP*
PT Pertamina Hulu Energi dan Anak Perusahaan	(1.415.196)	(1.142.115)	*PT Pertamina Hulu Energi and Subsidiaries*
PT Pertamina Geothermal Energy	(20.052)	(8.638)	*PT Pertamina Geothermal Energy*
PT Pertamina Drilling Service Indonesia	(948)	-	*PT Pertamina Drilling Service Indonesia*
PT Pelita Air Service dan Anak Perusahaan	(36)	-	*PT Pelita Air Service and Subsidiary*
Pertamina Energy Trading Limited	-	(22.231)	*Pertamina Energy Trading Limited*
Jumlah kewajiban pajak tangguhan - konsolidasian - bersih	**(3.774.829)**	**(2.448.542)**	***Total deferred tax liabilities - consolidated - net***

f. Administrasi

Perusahaan dan Anak Perusahaan menghitung dan membayar sendiri jumlah pajak yang terhutang. Berdasarkan perubahan terakhir Undang-undang Pajak Penghasilan yang mulai berlaku sejak tanggal 1 Januari 2008, Direktorat Jenderal Pajak dapat menetapkan dan mengubah kewajiban pajak dalam batas waktu 5 (lima) tahun sejak tanggal terhutangnya pajak.

Berdasarkan peraturan peralihan, pajak untuk tahun fiskal sebelum tahun 2008 dapat diperiksa oleh Otoritas Perpajakan dalam batas waktu 10 (sepuluh) tahun atau paling lambat tanggal 31 Desember 2013.

f. Administration

The Company and Subsidiaries calculate and pay their tax obligations separately. Based on the most recent amendments of the Income Tax Law effective on January 1, 2008, the Directorate General of Tax may decide and amend tax liabilities within a period of 5 (five) years from the date taxes payable become due.

Under the transitional regulation, taxes for fiscal years prior to 2008 may be assessed by the Tax Authorities for the earlier of 10 (ten) years or up to December 31, 2013.

g. Surat ketetapan pajak

(1) Surat Ketetapan Pajak Lebih Bayar (SKPLB) atas Pajak Penghasilan (PPh) Badan Tahun 2007 sebesar Rp2.905.134

Perusahaan menerima SKPLB No. 00110/406/07/051/10 tanggal 19 Maret 2010 sebesar Rp2.905.134 atas PPh Badan tahun 2007. SPT PPh Badan Perusahaan tahun 2007 melaporkan lebih bayar PPh Badan sebesar Rp4.168.257. Lebih bayar PPh Badan 2007 dalam SKPLB dan SPT PPh Badan Perusahaan adalah berdasarkan laporan keuangan Perusahaan yang belum diaudit.

g. Tax assessment letters

(1) Corporate Income Tax (CIT) Overpayment Assessment for Fiscal Year 2007 in the amount of Rp2,905,134

The Company received a tax overpayment assessment letter (SKPLB) No. 00110/406/07/051/10 dated March 19, 2010 for an amount of Rp2,905,134 in relation to 2007 CIT. The Company's 2007 CIT return reported an overpayment of CIT amounting to Rp4,168,257. The 2007 CIT overpayments reported in the SKPLB and the Company's CIT return are based on the Company's unaudited financial statements.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(1) Surat Ketetapan Pajak Lebih Bayar (SKPLB) atas Pajak Penghasilan (PPh) Badan Tahun 2007 sebesar Rp2.905.134 (lanjutan)

Berdasarkan laporan keuangan Perusahaan tahun 2007 yang telah diaudit, Perusahaan mengakui lebih bayar PPh Badan tahun 2007 sebesar Rp1.109.670. Perusahaan berencana untuk melaporkan posisi ini ke Otoritas Perpajakan.

Tidak ada pengembalian atas lebih bayar PPh Badan 2007 yang diterima Perusahaan sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini.

(2) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2006 sebesar Rp675.379

Perusahaan menerima SKPKB No. 00014/206/06/051/08 tanggal 3 September 2008 sebesar Rp675.379 (termasuk bunga sebesar Rp199.760) atas PPh Badan tahun 2006. Kurang bayar tersebut terkait dengan komisi jasa pemasaran *(marketing fee)*, pendapatan meliputi Badan Operasi Bersama Coastal Plains Pekanbaru (BOB CPP) aktivitas hulu dan pendapatan terhutang kepada Pemerintah bukan pajak yang terkait, koreksi atas beban-beban yang timbul dari revaluasi saldo awal persediaan tahun 2006 karena penerapan harga MOPS plus Alfa untuk subsidi BBM, koreksi beban penyusutan, deplesi dan amortisasi dari operasi hulu, dan beban-beban tertentu yang tidak dapat dikurangkan dalam perhitungan PPh Badan. Perusahaan dalam SPT PPh Badan tahun 2006 mengakui lebih bayar PPh Badan sebesar Rp1.861.828.

Perusahaan tidak setuju dengan koreksi atas harga persediaan.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(1) Corporate Income Tax (CIT) Overpayment Assessment for Fiscal Year 2007 in the amount of Rp2,905,134 (continued)

Based on the Company's 2007 audited financial statements, the Company recognized an overpayment of 2007 CIT of Rp1,109,670. The Company plans to inform the Tax Authorities of this position.

No refund of the overpayment of 2007 CIT has been received by the Company as of the date of completion of these consolidated financial statements.

(2) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2006 in the amount of Rp675,379

The Company received a tax underpayment assessment letter (SKPKB) No. 00014/206/06/051/08 dated September 3, 2008 for an amount of Rp675,379 (including interest of Rp199,760) in relation to 2006 CIT. The assessed CIT underpayment involves marketing fees, revenue involving Joint Operations in relation to Pekanbaru Coastal Plains (BOB CPP) upstream activites and related income due to the Government other than tax, a correction of expenses resulting from the revaluation of the 2006 opening inventory balance due to the adoption of MOPS plus Alpha pricing for BBM subsidy purposes, a correction of depreciation, depletion and amortization involving upstream activities and certain other expenses which are non-deductible for CIT purposes. The Company's 2006 corporate income tax return reported an overpayment of CIT amounting to Rp1,861,828.

The Company disagreed with the inventory pricing correction.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(2) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2006 sebesar Rp675.379 (lanjutan)

Perusahaan menerima koreksi Otoritas Perpajakan atas pendapatan dari aktivitas hulu BOB CPP dan pendapatan terhutang kepada Pemerintah bukan pajak yang terkait, beban penyusutan dari aktivitas hulu yang disebabkan perubahan nilai aset tetap yang telah disetujui oleh Menteri Keuangan pada tahun 2008 sebagaimana tercermin dalam saldo awal laporan keuangan Perusahaan per tanggal 17 September 2003. Perusahaan menerima sebagian koreksi atas beban-beban lainnya yang tidak dapat dikurangkan dalam perhitungan PPh Badan.

Perusahaan mengajukan keberatan atas koreksi yang terdapat dalam SKPKB tersebut kepada Kantor Pelayanan Pajak Badan Usaha Milik Negara (KPP BUMN) melalui surat No. 661/H00000/2008-S4 tanggal 1 Desember 2008 dimana Perusahaan menyatakan lebih bayar atas PPh Badan tahun 2006 sebesar Rp1.330.047. Pada tanggal 15 Oktober 2009, Direktorat Jenderal Pajak (DJP) mengeluarkan surat keputusan No. KEP-801/PJ.07/2009 menolak permohonan keberatan Perusahaan.

Berdasarkan evaluasi Perusahaan terhadap keputusan penolakan DJP tersebut dan koreksi terkini atas laporan keuangan Perusahaan tahun 2006 yang mengakibatkan perubahan PPh Badan tahun 2006, pada tanggal 28 Desember 2009, Perusahaan telah melapor kepada DJP bahwa terdapat kurang bayar PPh Badan tahun 2006 sebesar Rp1.089.852.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(2) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2006 in the amount of Rp675,379 (continued)

The Company accepted corrections made by the Tax Authorities relating to revenue from BOB CPP upstream activities and related income due to the Government other than tax, depreciation expense involving upstream activities which corrections resulted from the changes involving fixed assets agreed with the Minister of Finance in 2008, as reflected in the Company's opening financial statements as at September 17, 2003. The Company accepted a portion of the correction of other non-deductible expenses as per the CIT assessment.

The Company filed an objection against the CIT assessment to the Tax Office for State-Owned Enterprises (KPP BUMN) through letter No. 661/H00000/2008-S4 dated December 1, 2008 in which the Company stated that it has an overpayment of 2006 CIT of Rp1,330,047. On October 15, 2009 the Directorate General of Tax (DGT) issued a decision letter No. KEP-801/PJ.07/2009 rejecting the Company's objection.

Based on the Company's evaluation of such DGT's rejection and recent corrections in the Company's 2006 financial statements, which corrections resulted in a change in the 2006 income tax position, on December 28, 2009, the Company reported to the DGT that it has an underpayment of 2006 corporate income tax amounting to Rp1,089,852.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(2) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2006 sebesar Rp675.379 (lanjutan)

Berdasarkan laporan Perusahaan tersebut, DJP mengeluarkan Surat Ketetapan Pajak Kurang Bayar Tambahan (SKPKBT) No. 0001/306/06/051/09 tanggal 29 Desember 2009 sejumlah Rp690.687. Tidak ada sanksi bunga yang diakui dalam kaitannya dengan tambahan kurang bayar pajak tersebut. Total kurang bayar PPh Badan tahun 2006 berdasarkan pemeriksaan Otoritas Perpajakan adalah sebesar Rp1.166.307 (belum termasuk bunga).

Pada tanggal 30 Desember 2009, Perusahaan menyetor pembayaran ke Kantor Pajak sejumlah Rp1.289.612 yang terdiri dari pembayaran atas kurang bayar pajak PPh Badan tahun 2006 menurut laporan Perusahaan ke DJP tanggal 28 Desember 2009 sebesar Rp1.089.852 dan bunga per SKPKB PPh Badan sejumlah Rp199.760.

Kemudian, Perusahaan menyampaikan surat keberatan tanggal 28 Januari 2010 atas SKPKBT tersebut di atas karena jumlah pajak yang diakui dalam SKPKBT tersebut lebih kecil sejumlah Rp78.455. Pembayaran kredit pajak tersebut mencakup jumlah dimana Perusahaan belum dapat memberikan dokumen pembayaran kredit pajak tersebut kepada Otoritas Perpajakan pada saat pemeriksaan awal. Selanjutnya, Perusahaan telah mendapatkan dokumentasi pembayaran pajak tersebut, dimana salinannya telah diserahkan kepada Otoritas Perpajakan, setelah pemeriksaan pajak awal tersebut.

Perusahaan menerima Surat Tagihan Pajak (STP) tanggal 25 Januari 2010 untuk bunga sebesar Rp202.614 untuk periode Oktober 2008 sampai dengan Januari 2010 sehubungan dengan SKPKB tanggal 3 September 2008 tersebut di atas. Perusahan melunasi bunga tersebut pada tanggal 23 Februari 2010.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(2) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2006 in the amount of Rp675,379 (continued)

Based on the Company's report, the DGT issued an additional CIT underpayment assessment letter (SKPKBT) No. 0001/306/06/051/09 dated December 29, 2009 for an amount of Rp690,687. No interest penalty was assessed in relation to such additional tax underpayment. The total tax underpayment for 2006 CIT based on the assessments of the Tax Authorities is Rp1,166,307 (excluding interest).

On December 30, 2009, the Company made payments to the Tax Office totaling Rp1,289,612, which comprised of the 2006 corporate income tax underpayment as reported by the Company to the DGT on December 28, 2009 of Rp1,089,852 and interest as per the initial CIT underpayment assessment of Rp199,760.

Subsequently, the Company submitted a letter dated January 28, 2010 disputing the additional CIT underpayment assessment (SKPKBT) as the payments of tax recognized in the assessment were understated by Rp78,455. Such tax payments involve amounts for which the Company was not able to provide payment documentation to the Tax Authorities at the time of the initial assessment. The Company has subsequently located documentation for such tax payments, copies of which have been provided to the Tax Authorities, subsequent to the initial tax examination.

The Company received a tax collection letter (STP) dated January 25, 2010 for interest amounting to Rp202,614 for the period from October 2008 through January 2010 in relation to the initial CIT assessment dated September 3, 2008. The Company paid the interest assessed on February 23, 2010.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(2) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2006 sebesar Rp675.379 (lanjutan)

Perusahaan mengakui akrual bunga atas kurang bayar PPh Badan tahun 2006 sebesar Rp202.614 dalam laporan keuangan konsolidasian tahun 2009 dan 2008.

(3) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun Pajak 2005 sebesar Rp1.820.784

Perusahaan menerima SKPKB No. 00009/206/05/051/08 tanggal 23 Juli 2008 untuk pajak dan bunga sebesar Rp1.820.784 atas PPh Badan tahun 2005. Kurang bayar tersebut terkait dengan komisi jasa pemasaran *(marketing fee)*, beban-beban tertentu yang tidak dapat dikurangkan dalam perhitungan PPh Badan dan koreksi beban penyusutan, deplesi dan amortisasi untuk aset tetap dari operasi hulu. Perusahaan dalam SPT PPh Badan tahun 2005 mengakui lebih bayar PPh Badan sebesar Rp1.066.221.

Perusahaan berkeyakinan bahwa komisi jasa pemasaran yang diterima dari Pemerintah seharusnya tidak diperlakukan sebagai pendapatan kena pajak pada pemeriksaan pajak karena komisi tersebut telah dikenakan pajak. Perusahaan menerima koreksi Otoritas Perpajakan atas beban penyusutan, deplesi dan amortisasi dari operasi hulu yang disebabkan perubahan nilai aset tetap yang telah disetujui oleh Menteri Keuangan pada tahun 2008 sebagaimana tercermin dalam neraca pembukaan Perusahaan per tanggal 17 September 2003. Perusahaan menerima sebagian koreksi atas beban-beban lainnya yang tidak dapat dikurangkan dalam perhitungan PPh Badan.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(2) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2006 in the amount of Rp675,379 (continued)

The Company accrued interest relating to the 2006 CIT underpayment in the amount of Rp202,614 in its 2009 and 2008 consolidated financial statements.

(3) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2005 in the amount of Rp1,820,784

The Company received a tax underpayment assessment letter (SKPKB) No. 00009/206/05/051/08 dated July 23, 2008 for tax and interest in the amount of Rp1,820,784 in relation to 2005 CIT. The assessed CIT underpayment involves marketing fees, certain non-deductible expenses for CIT calculation purposes and a correction of depreciation, depletion and amortization expense involving upstream activities. The Company's 2005 corporate income tax return reported an overpayment of CIT amounting to Rp1,066,221.

The Company believes that the marketing fees from the Government should not be recognized as taxable income in the tax assessment, as the fees have been already subjected to tax. The Company accepted corrections made by the Tax Authorities relating to depreciation, depletion and amortization expense involving upstream activities which corrections resulted from the changes in fixed assets agreed with the Minister of Finance in 2008 as reflected in the Company's opening balance sheet as at September 17, 2003. The Company accepted a portion of the corrections of other non-deductible expenses as per the CIT assessment.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(3) SKPKB atas Pajak Penghasilan (PPh) Badan Tahun Pajak 2005 sebesar Rp1.820.784 (lanjutan)

Perusahaan mengajukan keberatan atas koreksi yang terdapat dalam SKPKB tersebut kepada Kantor Pelayanan Pajak Badan Usaha Milik Negara (KPP BUMN) melalui surat No. 545/H00000/2008-S4 tanggal 20 Oktober 2008 dimana Perusahaan menyatakan lebih bayar PPh badan sebesar Rp680.033. Selanjutnya, dalam surat keterangan No. 112/H10300/2009-S4 tanggal 21 Juli 2009, Perusahaan memperbaiki surat keberatan sebelumnya dan menyatakan lebih bayar PPh Badan menjadi sebesar Rp1.913.491. Berdasarkan atas laporan keuangan Perusahaan tahun 2005 yang mengakibatkan perubahan PPh Badan tahun 2005, Perusahaan mengakui lebih bayar PPh Badan tahun 2005 sebesar Rp1.728.794 pada laporan keuangan konsolidasian tanggal 31 Desember 2005.

Pada tanggal 10 Agustus 2009, DJP mengeluarkan surat keputusan No. KEP-659/PJ.07/2009 menolak permohonan keberatan Perusahaan.

Sebagai tanggapan, Perusahaan telah mengajukan banding melalui surat No. 1676/C00000/2009-S4 tanggal 2 November 2009 kepada Pengadilan Pajak berkaitan dengan keputusan DJP atas keberatan yang diajukan oleh Perusahaan.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, sidang banding Perusahaan masih berlangsung di Pengadilan Pajak.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(3) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2005 in the amount of Rp1,820,784 (continued)

The Company filed an objection against the CIT assessment to the Tax Office for State-Owned Enterprises (KPP BUMN) through letter No. 545/H00000/2008-S4 dated October 20, 2008 in which the Company stated that it has an overpayment of CIT amounting to Rp680,033. In a further letter No. 112/H10300/2009-S4 dated July 21, 2009, the Company notified corrections to its previous objection letter and stated that it has an overpayment of CIT of Rp1,913,491. Based on the Company's 2005 financial statements, resulted in a change in the 2005 income tax position, the Company recognized an overpayment of 2005 corporate income tax amounting to Rp1,728,794 in its December 31, 2005 consolidated financial statements.

On August 10, 2009, the DGT issued a decision letter No.KEP-659/PJ.07/2009 rejecting the Company's objection.

In response, the Company filed an appeal letter No. 1676/C00000/2009-S4 dated November 2, 2009 to the Tax Court in respect of the DGT's decision in relation to the Company's objection.

As of the date of completion of these consolidated financial statements, the Company's appeal is still in progress at the Tax Court.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(4) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2004 sebesar Rp1.121.214

Perusahaan menerima SKPKB No. 00035/206/04/051/08 tanggal 8 Januari 2008 untuk pajak dan bunga sebesar Rp1.121.214 atas PPh Badan tahun 2004. Kurang bayar tersebut terkait dengan komisi jasa pemasaran (*marketing fee*), beban-beban tertentu yang tidak dapat dikurangkan dalam perhitungan PPh Badan dan beban-beban tertentu yang terjadi pada tahun 2003 dari operasi hulu tetapi dibebankan dalam perhitungan PPh Badan tahun 2004. Perusahaan dalam SPT PPh Badan tahun 2004 mengakui lebih bayar PPh Badan sebesar Rp1.801.118.

Perusahaan telah mengajukan keberatan atas SKPKB tersebut kepada Kantor Pelayanan Pajak Badan Usaha Milik Negara (KPP BUMN) melalui surat No. 469/C00000/2008-S4 tanggal 1 April 2008. Dalam keberatannya, Perusahaan mengakui lebih bayar PPh Badan sebesar Rp1.793.187. Pada tanggal 2 Maret 2009, Direktorat Jenderal Pajak (DJP) mengeluarkan surat keputusan No. KEP-80/PJ.07/2009 menolak permohonan keberatan Perusahaan.

Sebagai tanggapan, Perusahaan telah mengajukan banding melalui surat No. 756/C00000/2009-S4 tanggal 28 Mei 2009 kepada Pengadilan Pajak berkaitan dengan keputusan DJP atas keberatan Perusahaan. Perusahaan berkeyakinan bahwa komisi jasa pemasaran yang diterima dari Pemerintah seharusnya tidak diperlakukan sebagai pendapatan kena pajak pada pemeriksaan pajak karena komisi tersebut telah dikenakan pajak.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(4) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2004 in the amount of Rp1,121,214

The Company received a tax assessment underpayment letter (SKPKB) No. 00035/ 206/04/051/08 dated January 8, 2008 for tax and interest in the amount of Rp1,121,214 in relation to 2004 CIT. The assessed CIT underpayment involves marketing fees, certain non-deductible expenses for CIT calculation purposes and certain expenses incurred in 2003 involving upstream activities which were recognized for CIT purposes in 2004. The Company's 2004 CIT return reported an overpayment of CIT amounting to Rp1,801,118.

The Company filed an objection against the CIT assessment to the Tax Office for State-Owned Enterprises (KPP BUMN) through letter No.469/C00000/2008-S4 dated April 1, 2008. The Company's objection stated that its overpayment of CIT amounts to Rp1,793,187. On March 2, 2009, the Directorate General of Tax (DGT) issued a decision letter No. KEP-80/PJ.07/2009 rejecting the Company's objection.

In response, the Company filed an appeal through letter No. 756/C00000/2009-S4 dated May 28, 2009 to the Tax Court in respect of the DGT's decision in relation to the Company's objection. The Company believes that the marketing fees from the Government should not be recognized as a taxable income in the tax assessment, as the fees have already been subjected to tax.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(4) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2004 sebesar Rp1.121.214 (lanjutan)

Perusahaan juga berkeyakinan bahwa pembayaran PPN atas penjualan Avtur untuk penerbangan internasional, seharusnya tidak diberlakukan sebagai biaya yang tidak dapat dibebankan mengingat alasan yang diuraikan dalam Catatan 37g (8). Dalam nota banding tersebut, Perusahaan menerima sebagian koreksi dari pemeriksaan PPh Badan tersebut sehingga lebih bayar PPh Badan menjadi sebesar Rp1.250.661.

Pada tanggal 31 Desember 2009 dan 2008, Perusahaan mengakui lebih bayar PPh Badan tahun 2004 sebesar Rp397.837.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, Perusahaan masih menunggu putusan bading dari Pengadilan Pajak.

(5) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2003 sebesar Rp72.002

Perusahaan menerima SKPKB No. 00008/206/03/051/06 tanggal 22 Desember 2006 atas hutang PPh Badan tahun 2003 beserta bunganya sebesar Rp72.002.

SKPKB tersebut timbul dari penolakan Otoritas Perpajakan atas beberapa koreksi yang dibuat oleh Perusahaan pada saat menghitung penghasilan kena pajak dari aktivitas hulu BOB CPP, Conoco Grissik, TAC Asamera, dan KKS Perusahaan dan kegiatan panas bumi Perusahaan, yang penghasilan kena pajaknya dikenakan tarif pajak khusus. Perusahaan dalam SPT PPh Badan tahun 2003 mengakui lebih bayar PPh Badan sebesar Rp632.601.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(4) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2004 in the amount of Rp1,121,214 (continued)

The Company also believes that payment of VAT on international sales of aviation fuel (Avtur) should not be treated as a non-deductible expense based on the explanation in Note 37g (8). In its appeal letter, the Company accepted a portion of the corrections as per the CIT assessment resulting in a revised CIT overpayment amounting to Rp1,250,661.

As of December 31, 2009 and 2008, the Company has recognized an overpayment of 2004 CIT amounting to Rp397,837.

As of the date of completion of these consolidated financial statements, the Company is still waiting for the appeal decision from the Tax Court.

(5) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2003 in the amount of Rp72,002

The Company received a tax underpayment assessment letter (SKPKB) No. 00008/206/03/051/06 dated December 22, 2006 in relation to CIT payable for fiscal year 2003 and related interest totaling Rp72,002.

The assessed tax underpayment resulted from the rejection by the Tax Authorities of certain adjustments made by the Company in computing taxable income for BOB CPP upstream activities, Conoco Grissik, the Asamera TAC, and the Company's PSC and Geothermal activities, which taxable income is subject to special tax regimes. The Company's 2003 corporate income tax return reported an overpayment of CIT amounting to Rp632,601.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(5) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan (PPh) Badan Tahun 2003 sebesar Rp72.002 (lanjutan)

Perusahaan telah mengajukan keberatan atas SKPKB tersebut ke Otoritas Perpajakan melalui surat No. 314/ C00000/2007-S4 pada tanggal 15 Maret 2007. DJP menerima sebagian keberatan yang diajukan Perusahaan sebesar Rp112.443 melalui surat No. Kep-089/WPJ.19/BD.05/2008 tanggal 13 Maret 2008, sehingga posisi kurang bayar Perusahaan sebesar Rp72.002 menjadi lebih bayar sebesar Rp40.441.

Perusahaan mengajukan banding atas keputusan DJP tersebut dengan surat No. 781/C00000/2008-S4 tanggal 9 Juni 2008 ke Pengadilan Pajak. Surat banding Perusahaan menyatakan adanya lebih bayar PPh Badan sebesar Rp361.520. Perusahaan mengajukan banding atas beban-beban yang tidak dapat dikurangkan dalam perhitungan PPh Badan tahun 2003 seperti biaya eksplorasi tidak berwujud (*intangible cost*) dan beban operasional tertentu dari operasi hilir. Perusahaan berkeyakinan bahwa beban tersebut seharusnya dapat dikurangkan dalam perhitungan PPh Badan.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, Perusahaan masih menunggu putusan banding dari Pengadilan Pajak.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(5) Corporate Income Tax (CIT) Underpayment Assessment for Fiscal Year 2003 in the amount of Rp72,002 (continued)

The Company filed an objection against the CIT assessment to the Tax Authorities through letter No. 314/C00000/2007-S4 dated March 15, 2007. The DGT accepted part of the Company's objection in the amount of Rp112,443 through decision letter No. Kep-089/WPJ.19/BD.05/2008 dated March 13, 2008, revising the Company's assessed underpayment from Rp72,002 to an overpayment position of Rp40,441.

The Company filed an appeal against the DGT's decision through letter No. 781/C00000/2008-S4 dated June 9, 2008 to the Tax Court. The Company's appeal letter stated that it has an overpayment of CIT amounting to Rp361,520. The Company's appeal is in relation to expenses as per the 2003 CIT assessment which were not accepted as deductible expenses for corporate income tax calculation purposes, such as intangible costs and certain downstream operating expenses. The Company believes that such expenses should be deductible for corporate income tax purposes.

As of the date of completion of these consolidated financial statements, the Company is still waiting for the appeal decision from the Tax Court.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(6) Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas PPN Masa Desember 2007 sebesar Rp1.958.230 dan bunga sebesar Rp939.950 dan Surat Tagihan Pajak (STP) atas denda administrasi sebesar Rp392.704

Perusahaan menerima SKPKB No. 00142/207/07/051/10 tanggal 19 Maret 2010 atas PPN masa Desember 2007 sebesar Rp1.958.230 dan bunga sebesar Rp939.950 dan STP No. 00006/ 107/07/051/10 tanggal 19 Maret 2010 meliputi denda administrasi sebesar Rp392.704.

Perusahaan berkeyakinan bahwa dasar penghasilan yang dibuat oleh Otoritas Perpajakan dalam SKPKB tersebut adalah tidak benar.

Perusahaan mengajukan keberatan kepada Otoritas Perpajakan atas SKPKB tersebut melalui surat No. 173/ H00000/2010-S4 dan permohonan penghapusan sanksi administrasi tersebut melalui surat No. 174/H00000/2010-S4 tanggal 17 Juni 2010, dimana Perusahaan menyatakan kurang bayar PPN sebesar Rp30.741 dan terkait sanksi administrasi sebesar Rp14.756.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini keberatan atas SKPKB dan permohonan penghapusan sanksi administrasi masih dalam tahap penelaahan oleh Otoritas Perpajakan.

Perusahaan tidak mengakui kewajiban yang berhubungan dengan penetapan hutang PPN dan sanksi administrasi yang terkait di dalam laporan keuangan konsolidasian tanggal 31 Desember 2009 dan 2008.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(6) Tax Underpayment Assessment for December 2007 VAT amounting to Rp1,958,230 and related interest amounting to Rp939,950 and a Tax Collection Letter (STP) involving related administrative penalties amounting to Rp392,704

The Company received a tax underpayment assessment letter (SKPKB) No. 00142/207/07/051/10 dated March 19, 2010 for December 2007 VAT amounting to Rp1,958,230 and interest amounting to Rp939,950 and a STP No. 00006/107/07/051/10 dated March 19, 2010 involving related administrative penalties of Rp392,704.

The Company believes that the revenue basis reflected by the Tax Authorities in the tax assessment is incorrect.

The Company filed an objection to the Tax Authorities against the tax assessment under letter No. 173/ H00000/2010-S4 and a request for the cancellation of the administrative penalties under letter No. 174/H00000/ 2010-S4 dated June 17, 2010, in which the Company stated that it has an underpayment of VAT amounting to Rp30,741 and related administrative penalties amounting to Rp14,756.

As of the date of completion of these consolidated financial statements, the objection to the tax assessment and the request for cancellation of the administrative penalties is still under review by the Tax Authorities.

The Company has not recognized such VAT payable and administrative penalties as a liability in the consolidated financial statements as of December 31, 2009 and 2008.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(7) Surat Ketetapan Pajak Kurang Bayar atas PPN tahun 2002 dari penerimaan retensi Kontrak Kerja Sama (KKS), bonus KKS, komisi produksi, dan komisi distribusi dari Pemerintah sebesar Rp949.696 dan Surat Tagihan Pajak (STP) atas denda administrasi dan bunga sebesar Rp154.282

Perusahaan menerima SKPKB No. 00075/207/02/051/05 tanggal 3 Juni 2005 atas PPN dari penerimaan retensi aktivitas KKS, bonus KKS, komisi produksi dan komisi distribusi dari Pemerintah sebesar Rp949.696 dan STP No. 00002/107/02/051/05 tanggal 3 Juni 2005 meliputi denda administrasi dan bunga sebesar Rp154.282.

STP tersebut terdiri dari denda administrasi sebesar Rp128.472 karena Perusahaan tidak menerbitkan faktur pajak atas penerimaan retensi aktivitas KKS, bonus KKS, komisi produksi dan komisi distribusi dari Pemerintah, dan sanksi administrasi bunga sebesar Rp25.810 karena Pertamina Lama dianggap melakukan salah hitung dalam pembayaran dan pelaporan Surat Pemberitahuan Masa (SPT Masa) PPN tahun 2002 yang berdasarkan angka estimasi penjualan bahan bakar minyak.

Perusahaan mengajukan keberatan kepada Otoritas Perpajakan atas SKPKB tersebut melalui surat No. 458/H00000/2005-S4 dan permohonan penghapusan sanksi administrasi tersebut melalui surat No. 456/H00000/2005-S4 tanggal 29 Agustus 2005, dengan alasan Pertamina Lama sudah dikenakan pajak yang termasuk dalam pembayaran 60% bagian Pemerintah atas laba dari operasi KKS berdasarkan Undang-undang (UU) No. 8 tahun 1971 atas penerimaan dari pendapatan retensi KKS, bonus KKS, serta komisi produksi dan komisi distribusi dari Pemerintah. Menurut UU tersebut Pertamina Lama mendapat penugasan untuk mengatur operasi KKS dari Pemerintah.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(7) Tax Underpayment Assessment for 2002 VAT on retention income from Production Sharing Contracts (PSC) activities, PSC bonuses, and production and distribution fees from the Government amounting to Rp949,696 and a Tax Collection Letter (STP) involving related administrative penalties and interest amounting to Rp154,282

The Company received a tax underpayment assessment letter (SKPKB) No. 00075/207/02/051/05 dated June 3, 2005 for VAT on retention income from PSC activities, PSC bonuses, and production and distribution fees from the Government amounting to Rp949,696 and STP No. 00002/107/02/051/05 dated June 3, 2005 involving related administrative penalties and interest amounting to Rp154,282.

The STP involves administrative penalties amounting to Rp128,472 for not issuing tax invoices on the receipt of retention income from PSC activities, PSC bonuses, and production and distribution fees from the Government, and interest administrative penalties amounting to Rp25,810 involving incorrect payments and reporting of VAT Returns (SPT Masa PPN) for 2002 as a result of the former Pertamina Entity's calculation of VAT payments on the basis of estimated fuel sales amounts.

The Company filed an objection to the Tax Authorities against the tax assessment under letter No. 458/H00000/2005-S4 and a request for the cancellation of the administrative penalties under letter No. 456/H00000/2005-S4 dated August 29, 2005, since the former Pertamina Entity has been subjected to taxes under the Government's 60% portion of its income from PSC operations based on Law No. 8 year 1971 on the receipt of PSC retention income, PSC bonuses, and production and distribution fees from the Government. Based on such Law, the former Pertamina Entity was assigned to manage PSC operations by the Government.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(7) Surat Ketetapan Pajak Kurang Bayar atas PPN tahun 2002 dari penerimaan retensi Kontrak Kerja Sama (KKS), bonus KKS, komisi produksi, dan komisi distribusi dari Pemerintah sebesar Rp949.696 dan Surat Tagihan Pajak (STP) atas denda administrasi dan bunga sebesar Rp154.282 (lanjutan)

Oleh karena itu, manajemen Perusahaan berkeyakinan bahwa jasa yang diberikan Pertamina Lama terkait operasi KKS bukan merupakan jasa yang terhutang PPN. Dalam kondisi dimana PPN terhutang, manajemen Perusahaan berkeyakinan bahwa nilai tersebut seharusnya dibebankan kepada Pemerintah sebagai pelanggan atau pengguna jasa Pertamina Lama.

Surat keberatan Perusahaan atas ketetapan PPN dan permohonan penghapusan sanksi administrasi terkait telah ditolak dengan keputusan Direktorat Jenderal Pajak (DJP) masing-masing melalui Keputusan No. Kep-196/ PJ.54/2006 dan No. Kep-195/PJ.54/2006, keduanya tertanggal 24 Agustus 2006. Selanjutnya, Perusahaan mengajukan banding ke Pengadilan Pajak melalui surat No. 1043/C00000/2006 tanggal 21 September 2006 dan No. 1350/ C00000/2006 tanggal 17 November 2006 atas keputusan DJP tersebut.

Pengadilan Pajak mengeluarkan putusan No. Put.10313/PP/M.II/99/2007 tanggal 25 April 2007 yang menolak permohonan gugatan Perusahaan terkait keputusan atas sanksi administrasi. Pada tanggal 19 Februari 2008, Pengadilan Pajak mengeluarkan keputusan No. Put.13366/PP/M.II/16/2008 yang menerima sebagian permohonan banding Perusahaan sehubungan dengan ketetapan PPN dan merubah SKPKB semula sebesar Rp949.696 menjadi Rp947.773.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(7) Tax Underpayment Assessment for 2002 VAT on retention income from Production Sharing Contracts (PSC) activities, PSC bonuses, and production and distribution fees from the Government amounting to Rp949,696 and a Tax Collection Letter (STP) involving related administrative penalties and interest amounting to Rp154,282 (continued)

Accordingly, Company management believes that the services involving the former Pertamina Entity in relation to PSC operations are not included in services subject to VAT. In the event any VAT is payable, Company management believes the amount should be charged to the Government as the former Pertamina Entity's customer or service user.

The Company's objection against the VAT assessment and request to cancel the related administrative penalties were rejected by the Directorate General of Tax (DGT) under Decisions No. Kep-196/ PJ.54/2006 and No. Kep-195/PJ.54/2006, respectively, both dated August 24, 2006. In response, the Company filed appeals to the Tax Court under letters No. 1043/C00000/2006 dated September 21, 2006 and No. 1350/C00000/2006 dated November 17, 2006 in relation to the DGT's decisions.

The Tax Court in decision No. Put.10313/PP/M.II/99/2007 dated April 25, 2007 rejected the Company's appeal against the decision in relation to the administrative penalties. On February 19, 2008, the Tax Court issued decision No. Put.13366/PP/M.II/16/2008 accepting a portion of the Company's appeal in relation to the VAT assessment and revising the tax underpayment assessment amount from Rp949,696 to Rp947,773.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(7) Surat Ketetapan Pajak Kurang Bayar atas PPN tahun 2002 dari penerimaan retensi Kontrak Kerja Sama (KKS), bonus KKS, komisi produksi, dan komisi distribusi dari Pemerintah sebesar Rp949.696 dan Surat Tagihan Pajak (STP) atas denda administrasi dan bunga sebesar Rp154.282 (lanjutan)

Perusahaan mengajukan permohonan Peninjauan Kembali (PK) ke Mahkamah Agung melalui surat No. 562/H00000/2007-S4 tanggal 24 Juli 2007 terkait keputusan Pengadilan Pajak No. Put.10313/PP/M.II/99/2007, dan surat No. 796/C00000/2008-S4 tanggal 10 Juni 2008 terkait keputusan Pengadilan Pajak No. Put.13366/PP/M.II/16/2008 tersebut.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, PK tersebut masih dalam proses peninjauan di Mahkamah Agung.

Perusahaan telah melakukan penyetoran sejumlah Rp474.848 pada tahun 2006 kepada Kantor Pajak dalam rangka memenuhi persyaratan banding. Pada tanggal 31 Desember 2009 dan 2008, jumlah tersebut dicatat sebagai Aset Lain-lain (Catatan 12).

Perusahaan tidak mengakui kewajiban yang berhubungan dengan penetapan hutang PPN, denda dan bunga yang terkait di dalam laporan keuangan konsolidasian tanggal 31 Desember 2009 dan 2008.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(7) Tax Underpayment Assessment for 2002 VAT on retention income from Production Sharing Contracts (PSC) activities, PSC bonuses, and production and distribution fees from the Government amounting to Rp949,696 and a Tax Collection Letter (STP) involving related administrative penalties and interest amounting to Rp154,282 (continued)

The Company filed a judicial review request to the Supreme Court under letter No. 562/H00000/2007-S4 dated July 24, 2007, in relation to the Tax Court's decision No. Put.10313/PP/M.II/99/2007 and under letter No. 796/C00000/2008-S4 dated June 10, 2008 in relation to the Tax Court's decision No. Put.13366/PP/M.II/16/2008.

As of the date of completion of these consolidated financial statements, the Company's judicial review requests are still in progress of review by the Supreme Court.

The Company transferred an amount of Rp474,848 in 2006 to the Tax Office to comply with the requirements for lodging tax appeals. At December 31, 2009 and 2008, such amount is recognized as Other Assets (Note 12).

The Company has not recognized such VAT payable, penalties and interest as a liability in the consolidated financial statements as of December 31, 2009 and 2008.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(8) Surat Ketetapan Pajak Kurang Bayar PPN atas penjualan Avtur untuk penerbangan internasional sebesar Rp804.621 dan Surat Tagihan Pajak (STP) terkait dengan denda administrasi dan bunga sebesar Rp258.578

Perusahaan dan Pertamina Lama menerima beberapa SKPKB dan STP atas pengenaan PPN dan sanksi administratif sehubungan dengan penjualan Avtur untuk penerbangan internasional selama masa pajak April 1998 sampai dengan Mei 2004 seluruhnya sebesar Rp1.063.199. SKPKB dan STP tersebut diterima antara periode tahun 2002 sampai 2004.

Pertamina Lama dan Perusahaan tidak menyetujui pengenaan PPN atas penjualan Avtur untuk penerbangan internasional tersebut karena hal itu tidak sesuai dengan Pasal 7 ayat 2 UU PPN dan Perjanjian Bilateral Pelayanan Udara (*Bilateral Air Service Agreement*) yang sudah ditandatangani dengan negara lain oleh Pemerintah Republik Indonesia, dan oleh karenanya Perusahaan mengajukan keberatan atas SKPKB dan STP tersebut ke Otoritas Perpajakan.

Direktorat Jenderal Pajak tidak menyetujui analisis Perusahaan sehubungan dengan PPN atas penjualan Avtur untuk penerbangan internasional tersebut. Melalui Surat Menteri Keuangan No. S-454/MK.02/2005, Departemen Keuangan telah memotong melalui mekanisme *offset* sebagian piutang Perusahaan tahun 2004 atas komisi jasa pemasaran minyak mentah dan gas terhadap PPN terhutang sebesar Rp658.005.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(8) Tax Underpayment Assessments for VAT on sales of Avtur to international airlines amounting to Rp804,621 and Tax Collection Letters (STPs) involving related administrative penalties and interest amounting to Rp258,578

The Company and the former Pertamina Entity received Tax Underpayment Assessments (SKPKBs) and Tax Collection Letters (STPs) in relation to VAT and administrative penalties, respectively, involving sales of aviation fuel (Avtur) to international airlines from April 1998 until May 2004 amounting to Rp1,063,199. The SKPKBs and STPs were received during the period from 2002 to 2004.

The former Pertamina Entity and the Company disagreed with the levying of VAT on international sales of Avtur (Avtur uplift sales) on the basis that this is not in accordance with the VAT Law Article 7, paragraph 2, and the Bilateral Air Service Agreement which was signed by other countries with the Government of Indonesia, and therefore the Company filed objections against the tax underpayment assessment and tax collection letter to the Tax Authorities.

The Directorate General of Tax does not agree with the Company's analysis of the VAT position in relation to Avtur uplift sales. Through the Minister of Finance Letter No. S-454/MK.02/2005, the Department of Finance has offset part of the Company's receivable for 2004 crude oil and gas marketing fees against a portion of such assessed VAT payable amounting to Rp658,005.

37. PERPAJAKAN (lanjutan)

g. Surat ketetapan pajak (lanjutan)

(8) Surat Ketetapan Pajak Kurang Bayar PPN atas penjualan Avtur untuk penerbangan internasional sebesar Rp804.621 dan Surat Tagihan Pajak (STP) terkait dengan denda administrasi dan bunga sebesar Rp258.578 (lanjutan)

Perusahaan telah mencatat dampak yang terkait dengan beban pajak dan pengurangan terhadap piutang Perusahaan dari Pemerintah tersebut pada laporan keuangan konsolidasian yang berakhir pada tanggal 31 Desember 2009 dan 2008.

Pada tanggal 16 Januari 2006, gugatan Perusahaan atas sanksi administrasi untuk periode November 2003 sampai dengan Mei 2004 sebesar Rp14.863 diterima oleh Pengadilan Pajak. Dengan demikian, sisa tagihan SKPKB PPN atas penjualan Avtur untuk penerbangan internasional sebesar Rp390.331.

Melalui surat No. 271/C00000/2006-S4 terkait dengan hal ini pada tanggal 24 Maret 2006, Perusahaan meminta kepada Menteri Keuangan untuk mengembalikan sejumlah Rp658.005 yang sudah dipotong dari jumlah yang terhutang kepada Perusahaan untuk jasa pemasaran, dan membatalkan SKPKB PPN sebesar Rp390.331.

Pada tahun 2008, Perusahaan telah melunasi seluruh sisa tagihan sebesar Rp390.331 terkait SKPKB PPN atas penjualan Avtur tersebut melalui pemindahbukuan pajak lainnya dan pembayaran tunai masing-masing sebesar Rp47.726 dan Rp342.605. Pembayaran tunai dilakukan pada tanggal 22 Desember 2008.

37. TAXATION (continued)

g. Tax assessment letters (continued)

(8) Tax Underpayment Assessments for VAT on sales of Avtur to international airlines amounting to Rp804,621 and Tax Collection Letters (STPs) involving related administrative penalties and interest amounting to Rp258,578 (continued)

The Company has recognized the impact of the related tax expense and the offset of such liability against amounts due from the Government in its consolidated financial statements as of December 31, 2009 and 2008.

On January 16, 2006, the Company's objection against the administrative penalties for the period from November 2003 to May 2004 was approved by the Tax Court in the amount of Rp14,863. Accordingly, the outstanding amount of the tax underpayment is Rp390,331 in relation to VAT on Avtur uplift sales.

Through letter No. 271/C00000/2006-S4 in relation to these matters dated March 24, 2006, the Company requested the Minister of Finance to refund the amount of Rp658,005 which had been deducted from amounts due to the Company for marketing fees, and to revoke the tax assessment for VAT involving an amount of Rp390,331.

In 2008, the Company has settled the remaining balance amounting to Rp390,331 involving the tax assessment for VAT on Avtur uplift sales utilizing overpayments of other taxes and cash payments in the amounts of Rp47,726 and Rp342,605, respectively. The cash payments were made on December 22, 2008.

38. SALDO DAN TRANSAKSI DENGAN PIHAK YANG MEMPUNYAI HUBUNGAN ISTIMEWA

Dalam melakukan usahanya, Perusahaan melakukan transaksi-transaksi tertentu dengan pihak-pihak yang mempunyai hubungan istimewa sebagai berikut:

38. RELATED PARTIES BALANCES AND TRANSACTIONS

In conducting its business activities, the Company is involved in transactions with related parties as follows:

Sifat hubungan/ *Nature*	**Pihak-pihak yang mempunyai hubungan istimewa/ *Related parties***
• Pemegang saham/*Shareholders*	Pemerintah Republik Indonesia/ *The Government of the Republic of Indonesia*
• Perusahaan asosiasi/*Associated companies*	PT Purna Bina Indonesia, Indonesia
	PT Permiko Engineering and Construction, Indonesia
	PT Patra Supplies Service, Indonesia
	PT Seamless Pipe Indonesia Jaya, Indonesia
	Nusantara Gas Service Co., Jepang/*Japan*
	PT Tugu Reasuransi, Indonesia
	Pacific Petroleum & Trading Co. Ltd., Jepang/*Japan*
	Korea Indonesia Petroleum Co., Labuan, Malaysia
	PT Nippon Steel Construction, Indonesia
	PT Arun NGL, Indonesia
	PT Badak NGL, Indonesia
	PT Patra SK, Indonesia
	PT Yekapepe Usaha Nusa, Indonesia
	PT Yekapepe Intigraha, Indonesia
	PT Elnusa Tbk, Indonesia
	PT Donggi Senoro LNG, Indonesia
	PT Asuransi Samsung Tugu
• Mempunyai anggota manajemen kunci yang sama dengan Perusahaan/ *Common key management*	Koperasi Karyawan Pertamina
	Dana Pensiun Pertamina
	Yayasan Kesejahteraan Pegawai Pertamina
	PT Trans Pacific Petrochemical Indotama, Indonesia

Saldo signifikan dengan pihak-pihak yang mempunyai hubungan istimewa adalah sebagai berikut:

Significant related party accounts are as follows:

a. Piutang usaha

Piutang usaha pada pihak yang mempunyai hubungan istimewa dari penjualan dalam negeri minyak mentah, gas bumi, dan energi panas bumi dan ekspor minyak mentah dan hasil minyak.

a. Trade receivables

Related party receivables result from domestic sales of crude oil, natural gas and geothermal energy and the export of crude oil and oil products.

(Expressed in millions of Rupiah,
unless otherwise stated)

38. SALDO DAN TRANSAKSI DENGAN PIHAK YANG MEMPUNYAI HUBUNGAN ISTIMEWA (lanjutan)

38. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

a. Piutang usaha (lanjutan)

a. Trade receivables (continued)

	2009	2008	
Piutang usaha hubungan istimewa	2.673.080	3.968.420	*Trade receivables from related parties*
Dikurangi: Penyisihan piutang ragu-ragu (Catatan 46d)	(564.321)	(643.503)	*Less: Allowance for doubtful accounts (Note 46d)*
Bersih	**2.108.759**	**3.324.917**	***Net***
Bagian lancar	**(925.728)**	**(1.966.274)**	***Current portion***
Bagian tidak lancar-bersih (Catatan 12)	**1.183.031**	**1.358.643**	***Non-current portion - net (Note 12)***

Piutang usaha berdasarkan pelanggan adalah sebagai berikut:

Trade receivables by customer are as follows:

	2009	2008	
PT Trans Pacific Petrochemical Indotama	1.735.444	2.002.146	*PT Trans Pacific Petrochemical Indotama*
PT Patra SK	446.751	1.881.051	*PT Patra SK*
PT Elnusa Petrofin	267.058	-	*PT Elnusa Petrofin*
Pacific Petroleum & Trading Co.	156.601	73.603	*Pacific Petroleum & Trading Co.*
Korea Indonesia Petroleum Co.	-	11.620	*Korea Indonesia Petroleum Co.*
Lain-lain	67.226	-	*Others*
Jumlah	**2.673.080**	**3.968.420**	***Total***

Piutang usaha berdasarkan umur dari pihak yang mempunyai hubungan istimewa adalah sebagai berikut:

The aging of trade receivables from related parties is as follows:

	2009	2008	
0 - 3 bulan	707.355	1.966.274	*0 - 3 months*
3 - 6 bulan	166.392	-	*3 - 6 months*
6 - 12 bulan	1.830	1.918.923	*6 - 12 months*
12 - 24 bulan	879.343	83.223	*12 - 24 months*
Jatuh tempo lebih dari 24 bulan	918.160	-	*Outstanding for more than 24 months*
Jumlah	**2.673.080**	**3.968.420**	***Total***

(Expressed in millions of Rupiah,
unless otherwise stated)

38. SALDO DAN TRANSAKSI DENGAN PIHAK YANG MEMPUNYAI HUBUNGAN ISTIMEWA (lanjutan)

38. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

a. Piutang usaha (lanjutan)

a. Trade receivables (continued)

Mutasi saldo penyisihan piutang ragu-ragu atas piutang usaha dari pihak yang mempunyai hubungan istimewa adalah sebagai berikut:

Movements in the allowance for doubtful trade receivables from related parties is as follows:

	2009	2008	
Saldo awal	(643.503)	-	*Beginning balance*
Laba selisih kurs	79.182	-	*Foreign exchange gain*
Penyisihan selama tahun berjalan	-	(643.503)	*Allowance during the year*
Saldo akhir	**(564.321)**	**(643.503)**	***Ending balance***

Manajemen berkeyakinan bahwa penyisihan piutang ragu-ragu telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari tidak tertagihnya piutang usaha dari pihak yang mempunyai hubungan istimewa.

Management believes that the allowance for doubtful accounts is adequate to cover possible losses that may arise from the uncollectible trade receivables from related parties.

b. Piutang lain-lain

b. Other receivables

Piutang lain-lain berdasarkan pelanggan adalah sebagai berikut:

Other receivables by customer are as follows:

	2009	2008	
PT Trans Pacific Petrochemical Indotama (Catatan 12)	1.897.820	1.111.355	*PT Trans Pacific Petrochemical Indotama (Note 12)*
PT Elnusa Tbk	60.424	-	*PT Elnusa Tbk*
PT Arun NGL	6.903	8.904	*PT Arun NGL*
PT Patra SK	-	257.635	*PT Patra SK*
PT Tugu Reasuransi Indonesia	-	16.528	*PT Tugu Reasuransi Indonesia*
PT Badak NGL	-	808	*PT Badak NGL*
Lain-lain	12.999	45.779	*Others*
	1.978.146	1.441.009	
Penyisihan piutang ragu-ragu	(7.737)	(9.460)	*Allowance for doubtful accounts*
Sub jumlah	1.970.409	1.431.549	*Sub total*
Bagian lancar	**(72.589)**	**(320.194)**	***Current portion***
Bagian tidak lancar - bersih (Catatan 12)	**1.897.820**	**1.111.355**	***Non-current portion - net (Note 12)***

(Expressed in millions of Rupiah, unless otherwise stated)

38. SALDO DAN TRANSAKSI DENGAN PIHAK YANG MEMPUNYAI HUBUNGAN ISTIMEWA (lanjutan)

38. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

b. Piutang lain-lain (lanjutan)

b. Other receivables (continued)

Mutasi saldo penyisihan piutang ragu-ragu atas piutang lain-lain dari pihak yang mempunyai hubungan istimewa adalah sebagai berikut:

Movements in the allowance for doubtful other receivables from related parties is as follows:

	2009	2008	
Saldo awal	(9.460)	(7.882)	*Beginning balance*
Pembalikan penyisihan/(penyisihan) selama tahun berjalan	1.723	(1.578)	*Reversal of allowance/(allowance)/during the year*
Saldo akhir	**(7.737)**	**(9.460)**	***Ending balance***

Manajemen berkeyakinan bahwa penyisihan piutang ragu-ragu telah mencukupi untuk menutup kemungkinan kerugian yang timbul dari tidak tertagihnya piutang lain-lain dari pihak yang mempunyai hubungan istimewa.

Management believes that the allowance for doubtful accounts is adequate to cover possible losses that may arise from the uncollectible other receivables from related parties.

c. Hutang usaha

c. Trade payables

	2009	2008	
Pacific Petroleum & Trading Co. Ltd.	379.461	645.641	*Pacific Petroleum & Trading Co. Ltd.*
PT Patra SK	277.878	1.322.444	*PT Patra SK*
Korea Indonesia Petroleum Co.	192.626	577.591	*Korea Indonesia Petroleum Co.*
PT Elnusa Petrofin	12.867	-	*PT Elnusa Petrofin*
PT Patra Telekomunikasi	2.591	-	*PT Patra Telekomunikasi*
PT Sigma Cipta Utama	1.482	-	*PT Sigma Cipta Utama*
PT Asuransi Jiwa Tugu	86	-	*PT Asuransi Jiwa Tugu*
PT Infomedia Nusantara	54	-	*PT Infomedia Nusantara*
PT Elnusa Tbk	-	35.558	*PT Elnusa Tbk*
Jumlah	**867.045**	**2.581.234**	***Total***

d. Hutang lain-lain

d. Other payables

	2009	2008	
PT Badak NGL	462.679	424	*PT Badak NGL*
PT Elnusa Tbk	95.775	83.676	*PT Elnusa Tbk*
Koperasi Karyawan Pertamina	24.811	7.754	*Koperasi Karyawan Pertamina*
PT Arun NGL	8.487	8.173	*PT Arun NGL*
PT Tugu Reasuransi Indonesia	8.100	15.818	*PT Tugu Reasuransi Indonesia*
PT Asuransi Samsung Tugu	6.505	-	*PT Asuransi Samsung Tugu*
Dana Pensiun Pertamina	5.607	3.587	*Dana Pensiun Pertamina*
PT Medcom Indonusa Engineering	1.647	-	*PT Medcom Indonusa Engineering*
Lain-lain	3.240	36.956	*Others*
Jumlah	**616.851**	**156.388**	***Total***

(Expressed in millions of Rupiah, unless otherwise stated)

39. INFORMASI SEGMEN

39. SEGMENT INFORMATION

	2009						
	Hulu/ *Upstream*	Hilir/ *Downstream*	Lain-lain/ *Others*	Jumlah Sebelum Eliminasi/ *Total Before Elimination*	Eliminasi/ *Elimination*	Jumlah Konsolidasian/ *Total Consolidated*	
Penjualan eksternal	33.865.530	342.780.036	1.700.816	378.346.382	-	378.346.382	*External sales*
Penjualan antarsegmen	21.840.020	1.166.414	575.152	23.581.586	(23.581.586)	-	*Inter-segment sales*
Jumlah segmen pendapatan	55.705.550	343.946.450	2.275.968	401.927.968	(23.581.586)	378.346.382	*Total segment revenues*
Hasil segmen	25.636.582	1.585.447	230.294	27.452.323	-	27.452.323	*Segment results*
Pendapatan sewa						630.785	*Rental revenue*
Jasa pelabuhan dan pengangkutan						432.503	*Docking and shipping services*
Pendapatan dari Kerja Sama Operasi (KSO)						220.704	*Joint operations (KSO) revenue*
Laba selisih kurs - bersih						149.235	*Foreign exchange gain - net*
Beban bunga - bersih						(497.110)	*Interest expense - net*
Beban lain-lain - bersih						(657.488)	*Other expense - net*
Jumlah pendapatan lain-lain - bersih						278.629	*Total other income - net*
Bagian atas laba bersih perusahaan asosiasi						88.631	*Share of income of associated companies*
Laba sebelum beban pajak penghasilan						27.819.583	*Income before income tax expense*
Pajak kini						8.995.079	*Current tax*
Pajak tangguhan						3.145.519	*Deferred tax*
Jumlah beban pajak penghasilan						12.140.598	*Total income tax expense*
Laba sebelum hak minoritas atas rugi bersih Anak Perusahaan yang dikonsolidasi						15.678.985	*Income before minority interests in net loss of consolidated Subsidiaries*
Hak minoritas atas rugi bersih Anak Perusahaan yang dikonsolidasi						117.941	*Minority interests in net loss of consolidated Subsidiaries*
Laba bersih						15.796.926	*Net income*
Informasi Lain							***Other Information***
Segmen aset	115.548.022	277.552.182	5.160.467	398.260.671	(95.672.752)	302.587.919	*Segment assets*
Investasi	931	30.848.358	1.417.390	32.266.679	(24.042.179)	8.224.500	*Investments*
Jumlah aset	115.548.953	308.400.540	6.577.857	430.527.350	(119.714.931)	310.812.419	*Total assets*
Segmen kewajiban	63.682.279	198.305.186	2.379.382	264.366.847	(95.672.752)	168.694.095	*Segment liabilities*
Biaya penyusutan, deplesi dan amortisasi	2.685.813	3.949.909	792.804	7.428.526	-	7.428.526	*Depreciation, depletion and amortization expense*
Penambahan aset tetap, aset minyak dan gas, serta panas bumi, dan aset konsesi	14.216.325	7.843.118	791.964	22.851.407	-	22.851.407	*Additions to fixed assets, oil and gas, and geothermal properties, and concession assets*

(Expressed in millions of Rupiah,
unless otherwise stated)

39. INFORMASI SEGMEN (lanjutan)

39. SEGMENT INFORMATION (continued)

	2008						
	Hulu/ *Upstream*	Hilir/ *Downstream*	Lain-lain/ *Others*	Jumlah Sebelum Eliminasi/ *Total Before Elimination*	Eliminasi/ *Elimination*	Jumlah Konsolidasian/ *Total Consolidated*	
Penjualan eksternal	32.924.814	523.612.184	1.627.917	558.164.915	-	558.164.915	*External sales*
Penjualan antarsegmen	29.378.415	3.634.285	762.104	33.774.804	(33.774.804)	-	*Inter-segment sales*
Jumlah segmen pendapatan	62.303.229	527.246.469	2.390.021	591.939.719	(33.774.804)	558.164.915	*Total segment revenues*
Hasil segmen	30.423.579	3.048.041	(577.102)	32.894.518	-	32.894.518	*Segment results*
Pendapatan bunga dari piutang yang belum tertagih						1.457.232	*Interest income on long outstanding receivables*
Penghapusan hutang jangka panjang						760.741	*Waiver of long-term loans*
Pendapatan sewa						459.804	*Rental revenue*
Jasa pelabuhan dan pengangkutan						407.073	*Docking and shipping services*
Pendapatan dari Kerja Sama Operasi (KSO)						202.440	*Joint operations (KSO) revenue*
Rugi selisih kurs - bersih						(3.681.885)	*Foreign exchange loss - net*
Beban bunga - bersih						(1.504.593)	*Interest expense - net*
Pendapatan lain-lain - bersih						2.011.960	*Other income - net*
Jumlah pendapatan lain-lain - bersih						112.772	*Total other income - net*
Bagian atas laba bersih perusahaan asosiasi						22.919	*Share of income of associated companies*
Laba sebelum beban pajak penghasilan						33.030.209	*Income before income tax expense*
Pajak kini						14.039.018	*Current tax*
Pajak tangguhan						(737.705)	*Deferred tax*
Jumlah beban pajak penghasilan						13.301.313	*Total income tax expense*
Laba sebelum hak minoritas atas rugi bersih Anak Perusahaan yang dikonsolidasi						19.728.896	*Income before minority interests in net loss of consolidated Subsidiaries*
Hak minoritas atas rugi bersih Anak Perusahaan yang dikonsolidasi						42.217	*Minority interests in net loss of consolidated Subsidiaries*
Laba bersih						19.771.113	*Net income*
Informasi Lain							***Other Information***
Segmen aset	77.929.601	232.225.270	3.021.614	313.176.485	(32.749.865)	280.426.620	*Segment assets*
Investasi	931	58.735.849	2.372.144	61.108.924	(50.211.979)	10.896.945	*Investments*
Jumlah aset	77.930.532	290.961.119	5.393.758	374.285.409	(82.961.844)	291.323.565	*Total assets*
Segmen kewajiban	97.309.822	166.882.712	482.221	264.674.755	(107.100.329)	157.574.426	*Segment liabilities*
Biaya penyusutan, deplesi dan amortisasi	3.038.558	3.920.894	256.566	7.216.018	-	7.216.018	*Depreciation, depletion and amortization expense*
Penambahan aset tetap, aset minyak dan gas, serta panas bumi, dan aset konsesi	7.958.508	7.782.476	875.724	16.616.708	-	16.616.708	*Additions to fixed assets, oil and gas, and geothermal properties, and concession assets*

(Expressed in millions of Rupiah, unless otherwise stated)

39. INFORMASI SEGMEN (lanjutan)

Tabel berikut ini menunjukkan distribusi dari pendapatan konsolidasian Perusahaan dan Anak Perusahaan berdasarkan segmen geografis:

39. SEGMENT INFORMATION (continued)

The following table shows the distribution of the Company's and Subsidiaries' consolidated revenues based on their geographic segments:

	2009	2008	
Pendapatan			*Revenues*
Dalam negeri	349.775.164	517.004.064	*Domestic*
Luar negeri	28.571.218	41.160.851	*International*
Jumlah	**378.346.382**	**558.164.915**	***Total***

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI

a. Kontrak Kerjasama (KKS)

Kontrak Kerja Sama (KKS) dibuat oleh kontraktor KKS dengan Pemerintah melalui Badan Pelaksana Minyak dan Gas Bumi (BPMIGAS) untuk jangka waktu kontrak 20-30 tahun dan dapat diperpanjang sesuai dengan peraturan yang berlaku.

- **Wilayah Kerja**

  Wilayah kerja KKS adalah wilayah dimana kontraktor KKS dapat melaksanakan kegiatan operasi minyak dan gas bumi. Pada saat atau sebelum akhir tahun kontrak ke 10 sejak tanggal efektif KKS, kontraktor KKS wajib mengembalikan 10% dari luas wilayah kerja yang ditentukan kepada Pemerintah melalui BPMIGAS.

- **Bagi Hasil Produksi Minyak Mentah dan Gas Bumi**

  Pembagian hasil produksi minyak dan gas bumi dihitung secara tahunan, dan merupakan jumlah *lifting* minyak dan gas bumi selama periode/tahun yang berakhir pada tanggal 31 Desember setelah dikurangi Kredit Investasi, *First Tranche Petroleum* (FTP) dan *cost recovery*.

  Kontraktor KKS dikenai pajak atas pendapatan kena pajak dari kegiatan KKS berdasarkan bagian mereka atas hasil produksi minyak dan gas bumi, dikurangi bonus-bonus, pada tarif pajak gabungan yang terdiri dari pajak penghasilan badan dan pajak dividen.

40. OIL AND GAS CONTRACT ARRANGEMENTS

a. Production Sharing Contracts (PSCs)

Production Sharing Contracts (hereinafter referred to as a PSC or PSCs) are entered into by PSC contractors with the Oil and Gas Upstream Activities Agency (BPMIGAS) acting on behalf of the Government, for a period of 20-30 years, which period may be extended in accordance with applicable regulations.

- ***Working Area***

  The PSC working area is an area designated in which the PSC contractors may conduct oil and gas operations. On or before the tenth year from the effective date of PSCs, the PSC contractors must return 10% of such designated working area to BPMIGAS on behalf of the Government.

- ***Crude Oil and Gas Production Sharing***

  Equity oil and gas production is determined annually, and represents the total liftings of oil and gas in each period/year ending December 31, net of Investment Credit, First Tranche Petroleum (FTP) and cost recovery.

  The PSC contractors are subject to tax on their taxable income from their PSC operations based on their share of equity oil and gas production, less bonuses, at a combined rate comprising of corporate income tax and dividend tax.

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

a. Kontrak Kerjasama (KKS) (lanjutan)

- ***Cost Recovery***

  Cost recovery tahunan terdiri dari:
  i. Biaya non-kapital tahun berjalan
  ii. Penyusutan biaya kapital tahun berjalan
  iii. Biaya operasi tahun-tahun sebelumnya yang belum memperoleh penggantian (*unrecovered*)

- **Harga Minyak Mentah dan Gas Bumi**

  Bagian kontraktor KKS atas produksi minyak mentah dinilai dengan Harga Minyak Indonesia *(Indonesian Crude Prices - ICP).* Gas bumi yang dikirim kepada pihak ketiga dan pihak yang mempunyai hubungan istimewa dinilai dengan harga yang ditetapkan dalam perjanjian jual beli yang bersangkutan.

- ***Domestic Market Obligation* (DMO)**

  Kontraktor KKS wajib memenuhi kebutuhan dalam negeri di Indonesia maksimum sebesar 25% dari jumlah minyak mentah dan gas yang diproduksi dari wilayah kerja dikalikan dengan persentase bagi hasil kontraktor yang bersangkutan dari sisa minyak dan gas bumi setelah dikurangi biaya produksi. Harga DMO untuk minyak mentah yang harus diberikan adalah sama dengan harga rata-rata tertimbang dari seluruh jenis minyak mentah yang terjual oleh anak perusahaan dan harga DMO untuk gas bumi yang diberikan adalah harga yang ditentukan berdasarkan harga jual yang disetujui di dalam kontrak penjualan.

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

  Pemerintah berhak untuk menerima sampai sebesar 10% - 20% dari jumlah produksi minyak dan gas setiap tahun sebelum dikurangi dengan pengembalian biaya operasi dan kredit investasi.

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

a. Production Sharing Contracts (PSCs) (continued)

- ***Cost Recovery***

  Annual cost recovery comprises of:
  i. Current year non-capital costs
  ii. Current year amortization of capital costs
  iii. Unrecovered previous years' operating costs

- ***Crude Oil and Natural Gas Prices***

  The PSC contractors' crude oil production is priced at Indonesian Crude Prices (ICP). Natural gas deliveries to third parties and related parties are valued based on the prices stipulated in the respective sale and purchase contracts.

- ***Domestic Market Obligation (DMO)***

  The PSC contractors are required to supply to the domestic market in Indonesia, a maximum of twenty five percent (25%) of the total quantity of crude oil and gas produced from the contract area multiplied by the relevant contractor entitlement percentage from the crude oil and gas quantities remaining after deducting operating costs. The price at which the DMO oil shall be supplied is equal to the weighted average of all types of crude oil sold by the subsidiaries and the price at which the DMO gas shall be supplied is the price determined based on the agreed contracted sales prices.

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

  The Government is entitled to receive an amount ranging from 10% - 20% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit.

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

a. Kontrak Kerjasama (KKS) (lanjutan)

- **Hak milik atas persediaan dan perlengkapan, dan peralatan**

  Persediaan dan perlengkapan, dan peralatan yang dibeli oleh kontraktor KKS untuk kegiatan operasi minyak dan gas bumi menjadi milik Pemerintah, namun demikian, kontraktor KKS mempunyai hak untuk menggunakan persediaan dan perlengkapan, dan peralatan tersebut sampai dinyatakan lebih atau ditinggalkan dengan persetujuan BPMIGAS.

b. Kontrak Kerjasama (KKS) PT Pertamina EP

Pada tanggal 17 September 2005, Kontrak Minyak dan Gas Bumi yang setara dengan KKS ditandatangani antara BPMIGAS dan PT Pertamina EP, Anak Perusahaan, sebagai pengganti dari *Pertamina Petroleum Contract* (PPC) yang setara dengan KKS, untuk jangka waktu 30 tahun dari tanggal 17 September 2005 sampai dengan tanggal 16 September 2035 dan dapat diperpanjang sesuai dengan peraturan yang berlaku.

Ketentuan KKS PT Pertamina EP berbeda dari ketentuan KKS pada umumnya dalam hal-hal sebagai berikut:

- **Bagi Hasil Minyak Mentah dan Gas Bumi**

  Bagi hasil produksi minyak dan gas antara PT Pertamina EP dan Pemerintah adalah masing-masing 67,2269% dan 32,7731%.

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

  Pemerintah dan PT Pertamina EP berhak untuk menerima sebesar 5% dari total produksi minyak dan gas setiap tahunnya sebelum dikurangi dengan pengembalian biaya operasi dan kredit investasi. FTP dibagi antara Pemerintah dan PT Pertamina EP sesuai dengan bagi hasil atas produksi minyak dan gas.

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

a. Production Sharing Contracts (PSCs) (continued)

- ***Ownership of materials and supplies, and equipment***

  Materials and supplies, and equipment acquired by the PSC contractors for oil and gas operations belong to the Government, however the PSC contractors have the right to utilize such materials and supplies, and equipment until they are declared surplus or abandoned with the approval of BPMIGAS.

b. PT Pertamina EP's Production Sharing Contract (PSC)

On September 17, 2005, an Oil and Gas Contract ("Kontrak Minyak dan Gas Bumi") equivalent to a PSC was signed between BPMIGAS and PT Pertamina EP, a Subsidiary, as a successor contract to the Pertamina Petroleum Contract ("PPC") which was equivalent to a PSC, involving a period of 30 years from September 17, 2005 until September 16, 2035, which period may be extended in accordance with applicable regulations.

The terms of PT Pertamina EP's PSC differ from general PSC terms in the following respects:

- ***Crude Oil and Gas Production Sharing***

  PT Pertamina EP's and the Government's share of equity (profit) oil and gas production is 67.2269% and 32.7731%, respectively.

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

  The Government and PT Pertamina EP are entitled to receive an amount equal to 5% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PT Pertamina EP in accordance with the entitlements to oil and gas production.

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

Perjanjian kerjasama dengan pihak-pihak dalam melakukan aktivitas minyak dan gas

PT Pertamina EP dapat melakukan perjanjian kerja sama dengan pihak lain dalam kegiatan operasi minyak dan gas bumi atau perjanjian bantuan teknis di sebagian wilayah kerja KKS dalam bentuk perjanjian kerjasama operasi dengan persetujuan Pemerintah melalui BPMIGAS.

Recoverable cost dan bagi hasil untuk pihak-pihak lain pada perjanjian kerjasama berikut, merupakan bagian dari *recoverable cost* pada KKS PT Pertamina EP.

- ***Technical Assistance Contracts* (TAC)**

  Dalam TAC, kegiatan operasional dilakukan oleh mitra usaha. TAC diberikan pada wilayah yang telah berproduksi, atau dulu pernah berproduksi tetapi kemudian dihentikan atau untuk wilayah yang belum berproduksi. Produksi minyak dan gas bumi, dibagi menjadi bagian yang tidak dapat dibagikan *(non-shareable)* dan bagian yang dapat dibagikan *(shareable)*. Bagian yang tidak dapat dibagikan merupakan produksi yang diperkirakan dapat dicapai dari suatu wilayah (berdasarkan data historis produksi dari suatu wilayah) pada saat perjanjian TAC ditandatangani dan menjadi hak milik PT Pertamina EP. Produksi dari bagian yang tidak dapat dibagikan akan menurun setiap tahunnya yang mencerminkan ekspektasi penurunan produksi. Bagian yang dapat dibagikan berkaitan dengan penambahan produksi yang berasal dari investasi pihak Mitra usaha terhadap wilayah TAC. Mitra usaha berhak atas *cost recovery*, dengan pembatasan tahunan tertentu yang diatur dalam masing-masing kontrak, dan sisa produksi *shareable* dibagi antara PT Pertamina EP dan Mitra usaha.

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

Co-operation arrangements with the parties in conducting oil and gas activities

PT Pertamina EP may establish co-operation agreements with other parties in conducting oil and gas activities or technical assistance arrangements in certain parts of its PSC working area under Joint Venture Arrangements with the approval of the Government through BPMIGAS.

The recoverable costs and profit shares of the other parties under the following co-operation agreements form part of PT Pertamina EP's recoverable costs under its PSC.

- ***Technical Assistance Contracts (TAC)***

  Under a TAC, operations are conducted through partnership arrangements. TACs are awarded for fields which are currently in production, or had previously been in production, but which production has ceased, or for areas with no previous production. Crude oil and natural gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on historic production trends of the field) at the time the TAC is signed and accrues to PT Pertamina EP. Non-shareable production decreases annually reflecting expected declines in production. The shareable portion of production corresponds to the additional production resulting from the Partners' investments in the TAC fields. The Partners are entitled to recover costs, subject to specified annual limitations depending on the contract terms, and the remaining portion of shareable production ("equity production") is split between PT Pertamina EP and the Partners.

(Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

- ***Technical Assistance Contracts* (TAC) (lanjutan)**

Mayoritas dari produksi tersebut merupakan milik PT Pertamina EP. Bagian Mitra usaha dari hasil produksi minyak dan gas diatur dalam masing-masing kontrak dan berkisar antara 26,7857% sampai 67,3077% untuk minyak dan 30,0000% sampai 79,9231% untuk gas. Pada tanggal 31 Desember 2009, kontrak TAC PT Pertamina EP adalah sebagai berikut:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

- ***Technical Assistance Contracts (TAC) (continued)***

The majority share of such equity production accrues to PT Pertamina EP. The Partners' share of equity (profit) in oil and gas production is stipulated in each contract and ranges from 26.7857% to 67.3077% and from 30.0000% to 79.9231%, respectively. As of December 31, 2009, PT Pertamina EP's TAC arrangements are as follows:

Mitra Usaha/ *Partners*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commencement of Production*	Tanggal Akhir Kontrak/ *Date of End of Contract*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
Elnusa Tristar Ramba Limited	Btayan, Ramba, Kluang, Mangunjaya	Jambi	16/10/1990	Komersial/ *Commercial*	15/10/2010	Minyak/*Oil*	20 tahun/*years*
PT Bangadua Petroleum	Bangadua	Jawa Barat/*West Java*	17/12/1996	21/12/2005	16/12/2011	Minyak dan gas/*Oil and gas*	15 tahun/*years*
PT Rainbow Energy Pamanukan Selatan	Pamanukan Selatan	Jawa Barat/*West Java*	17/12/1996	18/11/2003	16/12/2011	Minyak dan gas/*Oil and gas*	15 tahun/*years*
PT Medco E&P Sembakung	Sembakung	Kalimantan Timur/*East Kalimantan*	22/12/1993	4/10/1994	21/12/2013	Minyak/*Oil*	20 tahun/*years*
Korea Development (Poleng) Co. Ltd.	Poleng	Jawa Timur/*East Java*	22/12/1993	1/5/1998	21/12/2013	Minyak dan gas/*Oil and gas*	20 tahun/*years*
PT Babat Kukui Energi	Babat, Kukui	Jambi	12/7/1994	12/11/2003	11/7/2014	Minyak/*Oil*	20 tahun/*years*
PT Binawahana Petrindo Meruap	Meruap	Jambi	12/7/1994	30/8/2000	11/7/2014	Minyak/*Oil*	20 tahun/*years*
PT Patrindo Persada Maju	Mogoi, Wasian	Papua	12/7/1994	22/9/2000	11/7/2014	Minyak/*Oil*	20 tahun/*years*
PT Radiant Energi Sukatani	Sukatani	Jawa Barat/*West Java*	16/6/1995	18/11/1999	15/6/2015	Minyak/*Oil*	20 tahun/*years*
PT Pelangi Haurgeulis Resources	Haurgeulis	Jawa Barat/*West Java*	17/11/1995	26/6/2003	16/11/2015	Minyak dan gas/*Oil and gas*	20 tahun/*years*
PT Radiant Ramok Senabing	Ramok Senabing	Sumatera Selatan/*South Sumatera*	9/1/1995	23/9/2002	8/1/2015	Minyak/*Oil*	20 tahun/*years*
Intermega Sabaku Pte Ltd.	Sabaku, Salawati - A, D	Papua	9/1/1995	30/11/1995	8/1/2015	Minyak/*Oil*	20 tahun/*years*
Intermega Salawati Pte Ltd.	Salawati - C, E, F, N	Papua	9/1/1995	18/10/1995	8/1/2015	Minyak/*Oil*	20 tahun/*years*
PT Sembrani Persada Oil (SEMCO)	Semberah	Kalimantan Timur/*East Kalimantan*	17/11/1995	28/6/2004	16/11/2015	Minyak dan gas/*Oil and gas*	20 tahun/*years*
Salamander Energy (North Sumatera) Ltd.	Glagah, Kambuna	Sumatera Utara/*North Sumatera*	17/12/1996	17/9/2009	16/12/2016	Minyak dan Gas/*Oil and gas*	20 tahun/*years*
PT Retco Prima Energi	Tanjung Miring Timur	Sumatera Selatan/ *South Sumatera*	17/12/1996	23/10/2000	16/12/2016	Minyak/*Oil*	20 tahun/*years*

(Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

- ***Technical Assistance Contracts*** **(TAC) (lanjutan)**

- ***Technical Assistance Contracts (TAC) (continued)***

Mitra Usaha/ ***Partners***	**Wilayah Kerja/** ***Working Area***	**Area**	**Tanggal Efektif Kontrak/** ***Effective Date of Contract***	**Tanggal Mulai Produksi/** ***Date of Commencement of Production***	**Tanggal Akhir Kontrak/** ***Date of End of Contract***	**Produksi/** ***Production***	**Periode Kontrak/** ***Contract Period***
Pilona Petro Tanjung Lontar Ltd.	Tanjung Lontar	Sumatera Selatan/*South Sumatera*	7/10/1996	22/9/2000	6/10/2016	Minyak/*Oil*	20 tahun/*years*
PT Akar Golindo	Tuba Obi Timur	Jambi	15/5/1997	-	14/5/2017	Minyak/*Oil*	20 tahun/*years*
PT Insani Mitrasani Gelam	Sungai Gelam - A, B, D	Jambi	15/5/1997	13/10/2004	14/5/2017	Minyak/*Oil*	20 tahun/*years*
Medco Moeco Langsa Ltd.	Langsa	Aceh	15/5/1997	28/2/2002	14/5/2017	Minyak/*Oil*	20 tahun/*years*
PT Putra Kencana Diski Petroleum	Diski	Sumatera Utara/*North Sumatera*	16/11/1998	-	15/11/2018	-	20 tahun/*years*
IBN Oil Holdico Ltd.	Linda - A, C, G, Sele	Papua	16/11/1998	4/9/2000	15/11/2018	Minyak/*Oil*	20 tahun/*years*
PT Indama Putera Kayapratama	Kaya	Sumatera Selatan/*South Sumatera*	22/5/2000	-	21/5/2020	-	20 tahun/*years*
Ellipse Energy Jatirarangon Wahana Ltd.	Jatirangon	Jawa Barat/*West Java*	22/5/2000	1/11/2004	21/5/2020	Gas/*Gas*	20 tahun/*years*
PT Binatex Reka Kruh	Kruh	Sumatera Selatan/*South Sumatera*	22/5/2000	6/2/2003	21/5/2020	Minyak/*Oil*	20 tahun/*years*
PT Eksindo Telaga Said Darat	Telaga Said	Sumatera Utara/*North Sumatera*	7/8/2002	-	6/8/2022	Minyak/*Oil*	20 tahun/*years*
PT Pertalahan Arnebatara Natuna	Udang Natuna	Kepulauan Riau/*Riau Archipelago*	7/8/2002	28/11/2005	6/8/2022	Minyak/*Oil*	20 tahun/*years*
PT Indo Jaya Sukaraja (Easco Sukaraja)	Sukaraja, Pendopo	Sumatera Selatan/*South Sumatera*	7/8/2002	19/6/2008	6/8/2022	Minyak/*Oil*	20 tahun/*years*
PT Prakarsa Betung Meruo Senami	Meruo Senami	Jambi	14/8/2002	2005	13/8/2022	Minyak/*Oil*	20 tahun/*years*

Pada saat tanggal kontrak TAC berakhir, seluruh aset TAC diserahkan kepada PT Pertamina EP. Selanjutnya Mitra usaha TAC bertanggungjawab untuk menyelesaikan semua kewajiban TAC yang masih belum diselesaikan kepada pihak ketiga pada saat tanggal kontrak TAC berakhir. Pada tanggal 15 Oktober 2010, kontrak TAC antara PT Pertamina EP dengan Elnusa Tristar Ramba Limited berakhir. PT Pertamina EP kemudian membentuk UBEP Ramba untuk melanjutkan kegiatan operasi di wilayah kerja tersebut.

At the end of TAC contracts, all TAC assets are transferred to PT Pertamina EP. The TAC Partners are responsible for settling all outstanding TAC liabilities to third parties at the end of the TAC contracts. On October 15, 2010, the TAC contract between PT Pertamina EP and Elnusa Tristar Ramba Limited was terminated. Subsequently, PT Pertamina EP established UBEP Ramba to continue the operations involving such working area.

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

- ***Joint Operating Body-Enhanced Oil Recovery Contract* (JOB-EOR)**

Dalam JOB-EOR, kegiatan operasional dilakukan oleh badan operasi bersama yang dikepalai oleh PT Pertamina EP dan dibantu oleh Mitra usaha. Dalam perjanjian ini PT Pertamina EP dan Mitra memiliki *participating interest* sebesar 50% berbanding 50% (50:50). *Participating Interest* milik PT Pertamina EP disebut Pertamina *Participating Interset* (PPI) sedangkan *Participating Interest* milik Mitra disebut *Contractor Participating Interest (CPI)*. Dalam JOB-EOR nilai maksimum *cost recovery* adalah 65% dari *liftings* hasil produksi. Mitra usaha berhak atas *cost recovery* dan *equity share*. Pada umumnya pembatasan *cost recovery* tahunan dikaitkan dengan presentase *gross revenue* yang besarnya diatur dalam masing-masing kontrak. Persentase bagi hasil produksi minyak dan gas bumi untuk Mitra usaha adalah masing-masing 26,7857% dan 57,6923%.

Pada saat tanggal kontrak JOB-EOR berakhir, seluruh aset JOB-EOR diserahkan kepada PT Pertamina EP dan dicatat dengan nilai wajar. Mitra usaha JOB-EOR bertanggungjawab untuk menyelesaikan semua kewajiban JOB-EOR yang masih belum diselesaikan kepada pihak ketiga sampai dengan tanggal tersebut.

Pada tanggal 22 April 2009, kontrak JOB-EOR antara PT Pertamina EP dengan PT Lekom Maras berakhir. PT Pertamina EP kemudian membentuk UBEP Adera untuk melanjutkan kegiatan operasi di wilayah kerja tersebut.

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

- ***Joint Operating Body-Enhanced Oil Recovery Contract (JOB-EOR)***

Under a JOB-EOR, operations are conducted by a joint operating body headed up by PT Pertamina EP representatives and assisted by the Partners. In these contracts, PT Pertamina EP and Partners have participating interests of 50% each (50:50). PT Pertamina EP's Participating interests are referred as Pertamina Participating Interests (PPI) and the Partners' participating interests are referred to as Contractors' Participating Interests (CPI). The maximum value of cost recoveries under a JOB - EOR arrangement is 65% of liftings of production. The Partners are entitled to recover costs and a share of equity production. In general, annual cost recovery limitations expressed as a percentage of gross revenue apply, as stipulated in each contract. The Partners' share of equity (profit) oil and gas production is 26.7857% and 57.6923%, respectively.

At the end of the JOB-EOR contracts, all JOB-EOR assets are transferred to PT Pertamina EP and recorded at fair value. The JOB-EOR Partners are responsible for settling all outstanding JOB-EOR liabilities to third parties until the end of the JOB-EOR contracts.

On April 22, 2009, the JOB-EOR contract between PT Pertamina EP and PT Lekom Maras was terminated. Subsequently, PT Pertamina EP established UBEP Adera to continue the operations involving such working area.

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

- **Kontrak Kerja Sama Operasi (KSO)**

Dalam KSO, kegiatan operasional dilakukan oleh PT Pertamina EP melalui mitra usaha. KSO diberikan pada wilayah yang telah berproduksi, dulu pernah berproduksi tetapi kemudian dihentikan atau belum berproduksi. Kontrak KSO ada dua (2) jenis yaitu:

a. Kontrak KSO Eksplorasi - Produksi
b. Kontrak KSO Produksi

Pada kontrak KSO Eksplorasi-Produksi tidak ada *Non-Shareable Oil (NSO)*. Pada kontrak KSO produksi, produksi minyak bumi dibagi menjadi bagian yang tidak dapat dibagikan *(non-shareable)* dan bagian yang dapat dibagikan *(shareable)*.

Bagian yang tidak dapat dibagikan atas produksi minyak mentah merupakan produksi yang diperkirakan dapat dicapai dari suatu wilayah (berdasarkan data historis produksi dari suatu wilayah) pada saat perjanjian KSO ditandatangani dan menjadi hak milik PT Pertamina EP. Bagian yang dapat dibagikan berkaitan dengan penambahan produksi minyak dan gas yang berasal dari investasi pihak Mitra usaha terhadap wilayah yang bersangkutan secara umum dibagikan dengan pola yang sama seperti KKS. Dalam beberapa kontrak KSO produksi, pada saat produksi masih dibawah NSO, Mitra dapat melakukan klaim pengantian biaya produksi. Apabila biaya produksi lebih besar dari NSO *revenue*, penggantian dapat dilakukan sebesar adalah 50% dari NSO *revenue.* Jika biaya produksi lebih kecil dari NSO *revenue,* batas penggantian biaya produksi yang diberikan adalah sebesar 70% dari biaya produksi. Biaya produksi yang belum diganti, yang timbul dari produksi yang masih dibawah NSO, tidak dapat diganti pada tahun-tahun berikutnya. Persentase bagi hasil produksi *shareable* untuk Mitra usaha diatur dalam masing masing kontrak, yaitu antara 17,86% sampai dengan 26,77% untuk minyak dan 36,97% sampai dengan 53,57% untuk gas bumi.

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

- ***Co-operation Contracts (KSO)***

In a KSO, operations are conducted with PT Pertamina EP through partnership arrangements. KSOs are awarded for fields which are currently in production, or had previously been in production, but which production had ceased, or for areas with no previous production. There are two types of KSO contracts:

a. KSO Exploration-Production contracts
b. KSO Production contracts

In a KSO Exploration-Production contract there is no Non-Shareable Oil (NSO). In a KSO production contract, the crude oil production is divided into non-shareable and shareable portions.

The non-shareable portion of crude production represents the production which is expected from the field (based on historic production trends of the field) at the time the KSO is signed and accrues to PT Pertamina EP. The shareable portion of crude and gas production corresponds to the additional production of crude and gas resulting from the Partners' investments in the KSO fields and is in general split between the parties in the same way as for a PSC. In certain KSO production contracts in the event the production is less than NSO, the Partners production costs may be recovered. If the production costs exceed NSO revenue, cost recovery may be claimed equal to 50% of NSO revenue. If production costs are less than NSO revenue, the limit for cost recovery is 70% of production costs. The unrecovered production costs resulting from production being less than NSO may not be recovered in subsequent years. The Partners' share of equity (profit) oil and gas production is stipulated in each contract and ranges from 17.86% to 26.77% and 36.97% to 53.57%, respectively.

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

b. Kontrak Kerjasama (KKS) PT Pertamina EP (lanjutan)

- **Kontrak Kerja Sama Operasi (KSO) (lanjutan)**

Dalam KSO terdapat komitmen investasi yang harus dikeluarkan dalam jangka waktu 3 tahun setelah tanggal kontak KSO. Untuk menjamin pelaksanaan komitmen tersebut, Mitra usaha diharuskan memberikan bank garansi, yang tidak dapat dibatalkan dan tanpa syarat kepada PT Pertamina EP. Mitra usaha KSO juga diharuskan untuk melakukan pembayaran kepada PT Pertamina EP sejumlah uang yang telah dicantumkan didalam dokumen penawaran sebelum tanggal penanda-tanganan kontrak KSO.

Berikut adalah mitra usaha KSO PT Pertamina EP pada tanggal 31 Desember 2009:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP's Production Sharing Contract (PSC) (continued)

- ***Co-operation Contracts (KSO) (continued)***

Specified investment expenditures are required to be made in the first 3 years after the KSO contract date. To ensure that such expenditure commitments will be met, the Partners are required to provide PT Pertamina EP with irrevocable and unconditional bank guarantees. The KSO Partners are also required to make payments of amounts reflected in the bid documents to PT Pertamina EP before the date of signing the KSO contracts.

As of December 31, 2009, PT Pertamina EP's KSO partnership arrangements were as follows:

Mitra Usaha/ *Partners*	Wilayah Kerja/*Working Area*	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Commencement of Production*	Produksi/ *Production*	Periode kontrak/ *Contract Period*
PT Indelberg Indonesia Perkasa	Suci, Jawa/*Java*	25/4/2007	-	-	20 tahun/*years*
PT Kendal Oil and Gas	Kendal, Jawa/*Java*	25/4/2007	-	-	20 tahun/*years*
PT Kamundan Energy	Kamundan, Papua	25/4/2007	-	-	20 tahun/*years*
PT Formasi Sumatera Energy	Tanjung Tiga Timur, Sumatera	25/4/2007	25/4/2007	Minyak/*Oil*	15 tahun/*years*
GEO Minergy Sungai Lilin Ltd.	Sungai Lilin, Sumatera	25/4/2007	25/4/2007	Minyak/*Oil*	15 tahun/*years*
PT Geraldo Putra Mandiri	Ibul Tenggara, Sumatera	25/4/2007	25/4/2007	Minyak/*Oil*	15 tahun/*years*
Patina Group Ltd.	Bangkudulis, Kalimantan	25/4/2007	25/4/2007	Minyak/*Oil*	15 tahun/*years*
Pacific Oil & Gas (Perlak) Ltd.	Perlak, Sumatera	25/4/2007	25/4/2007	Minyak/*Oil*	15 tahun/*years*
PT Indrillco Bakti	Uno Dos Rayu, Sumatera	19/12/2007	-	-	20 tahun/*years*
PT Benakat Barat Petroleum*	Benakat Barat, Sumatera	16/3/2009	16/3/2009	Minyak/*Oil*	15 tahun/*years*
PT Petrominergy Utama Wiriargar	Wiriargar, Papua	2/9/2009	-	-	15 tahun/*years*

* Sebelumnya adalah UBEP Benakat.

** Formerly known as UBEP Benakat.*

Pada saat tanggal kontrak KSO berakhir, seluruh aset KSO diserahkan kepada PT Pertamina EP. Mitra usaha KSO bertanggungjawab untuk menyelesaikan semua kewajiban KSO yang masih belum diselesaikan kepada pihak ketiga sampai dengan tanggal tersebut.

At the end of KSO contracts, all KSO assets are transferred to PT Pertamina EP. The KSO Partners are responsible for settling all outstanding KSO liabilities to third parties through the end of the KSO contracts.

(Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

c. Perjanjian kerjasama PT Pertamina Hulu Energi (PHE) dengan pihak-pihak lain adalah sebagai berikut:

- ***Indonesian Participation Arrangements* (IP)**

Melalui kesepakatan IP, PHE, sebagai anak perusahaan dari Badan Usaha Milik Negara, mendapatkan tawaran untuk memiliki 10% kepemilikan di KKS pada saat pertama kali Rencana Pengembangan (*Plans of Development - POD*) disetujui oleh Pemerintah Indonesia, yang diwakili oleh BPMIGAS. Kepemilikan di Blok Jabung sebesar 14,28% karena Perusahaan menambah kepemilikannya sebesar 4,28% dan untuk kepemilikan di Blok Tengah sebesar 5% merupakan 10% dari kepemilkan kontraktor sebesar 50%. Perusahaan menyerahkan kepemilikan IP ini kepada Anak Perusahaan PHE pada tanggal 1 Januari 2008. Pada tanggal 31 Desember 2009, kemitraan Anak Perusahaan PHE melalui IP adalah sebagai berikut:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PT Pertamina Hulu Energi (PHE)'s co-operation agreements with other parties are as follows:

- ***Indonesian Participation Arrangements (IP)***

Through IP arrangements, PHE, as a subsidiary of a State-Owned Enterprise, is offered a 10% working interest in PSCs at the time the first Plans of Development (POD) are approved by the Government of Indonesia, represented by BPMIGAS. The interest in the Jabung Block of 14.28% reflects the acquisition of an additional interest of 4.28% by the Company. The interest in the Tengah Block of 5% represents 10% of Contractor's interest share of 50%. The Company assigned these IP interests to PHE's Subsidiaries on January 1, 2008. As of December 31, 2009, PHE's Subsidiaries' IP partnership arrangements are as follows:

Mitra Usaha IP/*IP Partner*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commence -ment of Production*	Tanggal Akhir Kontrak/ *Date of End of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
ConocoPhillips (Grissik) Ltd. Talisman Ltd.	Corridor Block	Sumatera Selatan/ *South Sumatera*	20/12/2003	1/8/1987	19/12/2023	10%	Minyak dan gas/*Oil and gas*	20 tahun/*years*
Star Energy (Kakap) Ltd. Singapore Petroleum Co. Ltd. Premier Oil Kakap BV	Kakap Block	Kepulauan Natuna/ *Natuna Archipelago*	22/3/2005	1/1/1987	21/3/2028	10%	Minyak dan gas/*Oil and gas*	23 tahun/*years*
PetroChina (Kepala Burung) Ltd. Lundin Indonesia BV Pearl Oil Basin Ltd.	Kepala Burung Block	Papua	7/10/1996	7/10/1996	6/10/2016	10%	Minyak dan gas/*Oil and gas*	20 tahun/*years*

(Expressed in millions of Rupiah,
unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

- ***Indonesian Participation Arrangements* (IP) (lanjutan)**

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- ***Indonesian Participation Arrangements (IP) (continued)***

Mitra Usaha IP/*IP Partner*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commence -ment of Production*	Tanggal Akhir Kontrak/ *Date of End of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
PetroChina International Jabung Ltd. Petronas Carigali Sdn. Bhd.	Jabung Block	Jambi	27/2/1993	13/9/1996	26/2/2023	14.28%	Minyak dan gas/*Oil and gas*	30 tahun/*years*
Chevron Makassar Strait Ltd.	Makassar Strait Block	Kalimantan Timur/*East Kalimantan*	26/1/1990	1/7/2000	25/1/2020	10%	Minyak dan gas/*Oil and gas*	30 tahun/*years*
Total E&P Indonesia Inpex Co.	Tengah Block	Kalimantan Timur/*East Kalimantan*	5/10/1988	27/11/2007	4/10/2018	5%	Minyak dan gas/*Oil and gas*	30 tahun/*years*
California Asiatic Oil Company Texaco Overseas Petroleum Company	Kuantan Block	Riau	21/12/1978	1/5/1978	20/4/2010	10%	Minyak dan gas/*Oil and gas*	30 tahun/*years*

- **Kontrak Kerjasama setelah berlakunya Undang-undang Migas No. 22 Tahun 2001**

- ***Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas***

Mitra Usaha/ *Partner*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commence -ment of Production*	Tanggal Jatuh Tempo/ *Maturity Date of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
PT Bumi Siak Pusako	Coastal Plain Pekanbaru Block	Riau	6/8/2002	6/8/2002	5/8/2022	50%	Minyak/*Oil*	20 tahun/ *years*
StateOil Indonesia Karama AS	Karama Block	Selat Makasar/ *Makassar Strait*	21/3/2007	-	20/3/2037	49%	-	30 tahun/ *years*
Petrochina International Java	Tuban Block	JawaTimur/*East Java*	29/2/1988	12/2/1997	29/2/2018	25%	Minyak/*Oil*	30 tahun/ *years*
CNOOC ONWJ Ltd. Orchard Energy Java B.V (Salamander) Talisman Resourcess (N.W Java) Ltd.	Offshore North West Java Block	Jawa Barat/ *West Java*	18/1/1997	-	17/1/2017	46%	-	20 tahun/ *years*

(Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

- **Kontrak Kerjasama setelah berlakunya Undang-undang Migas No. 22 Tahun 2001 (lanjutan)**

Pada tanggal 31 Desember 2009, kontrak kerjasama eksplorasi Minyak dan Gas Bumi dan Gas Metana Batubara sebagai berikut telah ditanda tangani:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- ***Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas (continued)***

As of December 31, 2009, the following contracts involving Oil and Gas exploration activities and Coal Bed Methane exploration activities have been signed:

Nama Perusahaan/ *Name of Company*	Mitra Usaha/ *Partner*	Wilayah kerja/ *Working area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Jatuh Tempo/ *Maturity Date of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
PT Pertamina Hulu Energi Semai	Konsorsium Murphy (Murphy Oil Corporation, Inpex Corporation and PTTEP Ltd.)	Semai II Block	Papua Barat/ *West Papua*	13/11/2008	12/11/2038	15%	-	30 tahun/ *years*
PT Pertamina Hulu Energi Metana Kalimantan A	Sanggata West CBM Inc	Sanggata I Block	Kalimantan Timur/*East Kalimantan*	13/11/2008	12/11/2038	52%	-*	30 tahun/ *years*
PT Pertamina Hulu Energi Metana Kalimantan B	PT Visi Multi Artha	Sanggata II Block	Kalimantan Timur/*East Kalimantan*	5/5/2009	4/5/2039	40%	-*	30 tahun/ *years*
PT Pertamina Hulu Energi Metana Sumatera Tanjung Enim	Arrow Energy (Tanjung Enim) Pte. Ltd. PT Bukit Asam Metana Enim	Tanjung Enim Block	Sumatera Selatan/ *South Sumatera*	4/8/2009	3/8/2039	27.5%	-*	30 tahun/ *years*
PT Pertamina Hulu Energi Metana Sumatera 2	PT Trisula CBM Energy	Muara Enim Block	Sumatera Selatan/ *South Sumatera*	30/11/2009	29/11/2039	60%	-*	30 tahun/ *years*
PT Pertamina Hulu Energi West Glagah Kambuna	Petronas Carigali Sdn. Bhd	West Glagah Kambuna Block	Sumatera Utara/ *North Sumatera*	30/11/2009	29/11/2039	40%	-	30 tahun/ *years*

*Gas Metana Batubara/Coal Bed Methane

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

- **Kontrak Kerjasama setelah berlakunya Undang-undang Migas No. 22 Tahun 2001 (lanjutan)**

  Pada tanggal 31 Desember 2009 Perusahaan dan PHE belum melakukan setoran modal di perusahaan-perusahaan tersebut, sehingga perusahaan-perusahaan tersebut tidak dikonsolidasi ke dalam laporan keuangan PHE dan PT Pertamina (Persero). Penyetoran modal atas perusahaan-perusahaan ini dilakukan oleh PHE di tahun 2010 (Catatan 46a).

- ***Joint Operating Body-Production Sharing Contracts* (JOB-PSC)**

  Dalam JOB-PSC, kegiatan operasional dilakukan oleh suatu *joint operating body* yang dibentuk antara PHE dan kontraktor. Kewajiban pembiayaan bagian PHE ditanggung lebih dahulu oleh para kontraktor dan akan dibayar oleh PHE dengan cara pemotongan bagian PHE atas produksi minyak dan gas bumi, ditambah dengan 50% *uplift*. Hasil produksi minyak dan gas bumi dibagi antara PHE dan kontraktor berdasarkan masing-masing persentase partisipasi di JOB-PSC. Bagian minyak dan gas bumi kontraktor ditentukan dengan metode perhitungan yang sama dengan KKS. Pada tanggal 31 Desember 2009, kesepakatan kemitraan JOB-PSC PHE adalah sebagai berikut:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- ***Production Sharing Contract interests acquired subsequent to the issuance of Law No. 22 Year 2001 related to Oil and Gas (continued)***

  There have been no capital subscriptions made to the above entities as of December 31, 2009 by the Company or PHE, and therefore these entities are not consolidated into PHE and PT Pertamina (Persero) financial statements. The capital subscriptions to these entities were made by PHE in 2010 (Note 46a).

- ***Joint Operating Body-Production Sharing Contracts (JOB-PSC)***

  In a JOB-PSC, operations are conducted by a joint operating body between PHE and contractors. PHE's share of expenses is paid in advance by the contractors and is repaid by PHE out of PHE's share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production is divided between PHE and the contractors based on their respective percentages of participation in the JOB-PSCs. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC. As of December 31, 2009, PHE's JOB-PSC partnership arrangements are as follows:

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- ***Joint Operating Body-Production Sharing Contracts* (JOB-PSC) (lanjutan)**

- ***Joint Operating Body-Production Sharing Contracts (JOB-PSC) (continued)***

Mitra Usaha JOB-PSC/ *JOB-PSC Partner*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commencement of Production*	Tanggal Akhir Kontrak/ *Date of End of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
Golden Spike Indonesia Ltd.	Raja dan Pendopo Block/*Raja and Pendopo Block*	Sumatera Selatan/ *South Sumatera*	6/7/1989	21/11/1992	5/7/2019	50%	Minyak dan gas/*Oil and gas*	30 tahun/ *years*
PetroChina Kepala Burung Ltd. Lundin Indonesia BV Pearl Oil Ltd.	Salawati Block	Papua	23/4/1990	21/1/1993	22/4/2020	50%	Minyak/*Oil*	30 tahun/ *years*
Petrochina International Java Ltd.	Tuban Block	Jawa Timur/ *East Java*	29/2/1988	12/2/1997	29/2/2018	50%	Minyak/*Oil*	30 tahun/ *years*
Costa International Group Ltd.	Gebang Block	Sumatera Utara/*North Sumatera*	29/11/1985	29/10/1992	28/11/2015	50%	Minyak dan gas/*Oil and gas*	30 tahun/ *years*
Talisman (Ogan Komering) Ltd.	Ogan Komering Block	Sumatera Selatan/ *South Sumatera*	29/2/1988	11/7/1991	28/2/2018	50%	Minyak dan gas/*Oil and gas*	30 tahun/ *years*
Talisman Jambi Merang Pacific Oil and Gas Ltd.	Jambi Merang Block	Jambi	10/2/1989	-	9/2/2019	50%	-	30 tahun/ *years*
PT Medco E&P Tomori Sulawesi	Senoro Toili Block	Sulawesi Tengah/*Central Sulawesi*	4/12/1997	Agustus 2006/ *August 2006*	30/11/2027	50%	Minyak/*Oil*	30 tahun/ *years*
Medco Simenggaris Pty., Ltd. Salamander Energy Ltd.	Simenggaris Block	Kalimantan Timur/*East Kalimantan*	24/2/1998	-	23/2/2028	37.5%	-	30 tahun/ *years*
Golden Spike * Indonesia Ltd.	Pasiriaman Block	Sumatera Selatan/*South Sumatera*	24/2/1998	-	24/02/2028	40%	-	30 tahun/ *years*

* Blok Pasiriaman *Relinquishment*

Pada tanggal 18 Maret 2009, Anak Perusahaan, PHE Pasiriaman mengembalikan wilayah kerja Pasiriaman kepada Pemerintah. Kontrak Kerjasama Blok Pasiriaman berakhir berdasarkan surat Menteri Energi dan Sumber Daya Mineral Republik Indonesia No.1415/10/MEM.M/2009.

* *Pasiriaman Block Relinquishment*

On March 18, 2009, the Company's Subsidiary, PHE Pasiriaman relinquished its PSC Pasiriaman Block working area to the Government. The termination of the PSC Pasiriaman block is based on the letter of the Minister of Energy and Mineral Resources of the Republic of Indonesia No.1415/10/MEM.M/2009.

(Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

- **Pertamina *Participating Interests* (PPI)**

Sejak tahun 2008, dalam kesepakatan PPI, PHE mempunyai kepemilikan di dalam kontrak yang serupa dengan kontrak JOB-PSC. Sisa kepemilikan dimiliki oleh para kontraktor. Kewajiban pembiayaan bagian PHE dapat dilakukan secara langsung oleh PHE, atau dapat pula ditanggung lebih dahulu oleh para kontraktor dan akan dibayar oleh PHE dengan cara pemotongan bagian PHE atas produksi minyak mentah dan gas bumi, ditambah dengan 50% *uplift*. Produksi minyak mentah dan gas bumi dibagi antara PHE dan kontraktor berdasarkan masing-masing persentase partisipasi di KKS. Bagian kontraktor atas produksi minyak mentah dan gas bumi ditentukan dengan cara yang sama seperti KKS. Pada tanggal 31 Desember 2009, kerjasama PPI PHE adalah sebagai berikut:

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- ***Pertamina Participating Interests (PPI)***

Effective in 2008, through PPI arrangements, PHE owns working interests in contracts similar to JOB-PSC contracts. The remaining working interests are owned by the contractors which act as the operators. PHE's share of expenses is either funded by PHE on a current basis, or paid in advance by the contractors and repaid by PHE out PHE's share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production is divided between PHE and the contractors based on their respective percentages of participation in the PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as in the PSC. As of December 31, 2009, PHE's PPI partnership arrangements are as follows:

Mitra Usaha PPI/ *PPI Partner*	Wilayah Kerja/ *Working Area*	Area	Tanggal Efektif Kontrak/ *Effective Date of Contract*	Tanggal Mulai Produksi/ *Date of Commencement of Production*	Tanggal Akhir Kontrak/ *Date of End of Contract*	Persentase Partisipasi/ *Percentage of Participation*	Produksi/ *Production*	Periode Kontrak/ *Contract Period*
ConocoPhillips (South Jambi) Ltd. Petrochina International Jambi B Ltd.	South Jambi B Block	Jambi	26/1/1990	26/9/2000	25/1/2020	25%	Minyak/*Oil*	30 tahun/*Years*
Kodeco Energy Co. Ltd. CNOOC Madura Ltd.	West Madura Block	Jawa Timur/ *West Java*	7/5/1981	27/9/1984	6/5/2011	50%	Minyak dan gas/*Oil and gas*	30 tahun/ *Years*
Santos (Donggala) Pty. Ltd. *	Donggala Block	Kalimantan Timur/*East Kalimantan*	22/11/2001	-	21/11/2031	15%	-	30 tahun/ *Years*
Total E&P Indonesia Inpex Tengah Ltd.	Tengah Block	Kalimantan Timur/*East Kalimantan*	5/10/1988	27/11/2007	4/10/2018	50%	Minyak dan gas/*Oil and gas*	30 tahun/ *Years*

* Blok Donggala *Relinquishment*

Pada tanggal 14 November 2008, Perusahaan menyerahkan 15% *participating interest* kepada Santos (Donggala) Pty. Ltd. dan menarik diri dari perjanjian sehubungan dengan Kontrak Kerjasama dan perjanjian kerjasama operasi.

* *Donggala Block Relinquishment*

On November 14, 2008, the Company surrendered its 15% participating interest in the Donggala Block PSC to Santos (Donggala) Pty. Ltd. and has withdrawn from the agreements involving the PSC and joint operations.

PT PERTAMINA (PERSERO) AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2009 and 2008 (Expressed in millions of Rupiah, unless otherwise stated)

40. KESEPAKATAN KONTRAK MINYAK DAN GAS BUMI (lanjutan)

40. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. Perjanjian kerjasama PHE dengan pihak-pihak lain adalah sebagai berikut: (lanjutan)

c. PHE's co-operation agreements with other parties are as follows: (continued)

- **Kepemilikan kontrak minyak dan gas di luar negeri**

- ***Foreign oil and gas contract interests***

Pada tanggal 31 Desember 2009, PHE memiliki secara langsung kepemilikan pada KKS minyak dan gas di luar negeri sebagai berikut:

As of December 31, 2009, PHE's directly held foreign oil and gas PSC interests are as follows:

Nama JOC/ *Name of JOC*	**Mitra Usaha JOC/** *JOC Partners*	**Wilayah Kerja/** *Working Area*	**Area**	**Tanggal Efektif Kontrak/** *Date of Effective Date of Contract*	**Tanggal Mulai Produksi/** *Date of Commence-ment of Production*	**Persentase Kepemilikan/** *Percentage of Participation*	**Produksi/** *Production*	**Periode Kontrak/** *Contract Period*
Petronas Carigali Pertamina Petrovietnam Operating Company (PCPPOC) Sdn. Bhd	Petronas Carigali Petrovietnam	Offshore Sarawak Block SK 305	Malaysia	16/6/2003	-	30%	-	29 tahun/ *years*
Basker Manta Gummy (BMG)	ROC Oil Pty. Ltd. Beach Petroluem Ltd. CIECO Pty. Ltd. Sojitz Energy Australia Pty. Ltd. Anzon, Australia	Vic/L26, Vic/L27, Vic/L28	Australia	-	2006	10%	Minyak/*Oil*	*License*

d. Kepemilikan secara langsung Perusahaan pada KKS minyak dan gas di luar negeri

d. The Company's directly held foreign oil and gas PSC interests

Perusahaan sebagai Badan Usaha Milik Negara mempunyai kepemilikan dalam KKS yang ditandatangani oleh Badan Usaha Milik Negara di negara-negara tertentu. Bagian Perusahaan atas produksi minyak dan gas ditentukan berdasarkan KKS. Pada tanggal 31 Desember 2009, Perusahaan memiliki secara langsung kepemilikan pada KKS atau kontrak sejenis minyak dan gas di luar negeri sebagai berikut:

The Company, as a State-Owned Enterprise, owns working interests in PSCs entered into among State-Owned Enterprises in certain countries. The Company's share of oil and gas production is determined in accordance with the respective PSCs. As of December 31 2009, the Company's directly held foreign oil and gas PSC or similar interests are as follows:

Nama JOC/ *Name of JOC*	**Mitra Usaha JOC/** *JOC Partners*	**Wilayah Kerja/** *Working Area*	**Area**	**Tanggal Efektif Kontrak/** *Date of Effective Date of Contract*	**Tanggal Mulai Produksi/** *Date of Commence-ment of Production*	**Persentase Kepemilikan/** *Percentage of Participation*	**Produksi/** *Production*	**Periode Kontrak/** *Contract Period*
CONSON Joint Operating Company (CONSON JOC)	Petronas Carigali Petrovietnam	Offshore Block 10, 11 Vietnam	Vietnam	8/1/2002	-	30%	-	30 tahun/ *years*
Coral Petroleum Operating Company Ltd.	CNPC, Sudapet Dindir Petroleum, Africa Energy, Express Petroleum & Gas Co. Ltd.	Block 13, Sudan	Sudan	26/6/2007	-	15%	-	20 tahun/ *years*
Wintershall Holding GmbH	Wintershall AG Cosmo Energy E&D Ltd.	Block 3, State of Qatar	Qatar	24/10/2007	-	25%	-	25 tahun/ *years*
Pertamina EP Libya Ltd.	Commerz Asian Emerald Ltd.	Block 123 Sirte onshore	Libya	10/12/2005	-	55%	-	Eksplorasi/ Exploration 5 tahun/ *years*
Pertamina EP Libya Ltd.	Commerz Asian Emerald Ltd.	Block 17-3 Sabratah offshore	Libya	10/12/2005	-	55%	-	Eksplorasi/ Exploration 5 tahun/ *years*

(Expressed in millions of Rupiah, unless otherwise stated)

41. WILAYAH KERJA PANAS BUMI

Selama periode dari tahun 1979 sampai 1993, Pertamina Lama memperoleh wilayah-wilayah kerja panas bumi di Indonesia berdasarkan surat-surat keputusan dari Menteri Pertambangan dan Energi. Sesuai dengan PP No. 31 Tahun 2003, segala hak dan kewajiban, yang timbul dari kontrak dan perikatan antara Pertamina Lama dengan pihak ketiga, sepanjang tidak bertentangan dengan Undang-undang No. 22 Tahun 2001, beralih kepada Perusahaan sejak tanggal 17 September 2003. Perusahaan menyerahkan wilayah kerja panas bumi kepada PT Pertamina Geothermal Energy (PGE) sejak tanggal 1 Januari 2007.

Pada tanggal 31 Desember 2009, wilayah kerja panas bumi PGE adalah sebagai berikut:

a. Operasi Sendiri

41. GEOTHERMAL WORKING AREAS

During the period from 1979 to 1993, the former Pertamina Entity was assigned geothermal working areas in Indonesia based on various decision letters issued by the Minister of Mines and Energy. In accordance with PP No. 31 Year 2003, all rights and obligations arising from contracts and agreements of the former Pertamina Entity with third parties, so long as these are not contrary to Law No. 22 Year 2001, were transferred to the Company effective as of September 17, 2003. The Company assigned its geothermal working areas to PT Pertamina Geothermal Energy (PGE) effective as of January 1, 2007.

As of December 31, 2009, PGE's geothermal working areas are as follows:

a. Own Operations

Wilayah Kerja/ *Working Area*	Lokasi/*Location*	Status Lapangan/ *Field Status*	Operator/*Contractor*
Sibayak-Sinabung	Sibayak, Sumatera Utara/ *North Sumatera*	Produksi/ *Production*	PT Pertamina Geothermal Energy
Sungai Penuh	Sungai Penuh, Jambi	Eksplorasi/ *Exploration*	PT Pertamina Geothermal Energy
Tambang Sawah-Hululais	Hululais, Bengkulu	Eksplorasi/ *Exploration*	PT Pertamina Geothermal Energy
Lumut Balai	Lumut Balai, Sumatera Selatan/*South Sumatera*	Pengembangan/ *Development*	PT Pertamina Geothermal Energy
Kamojang-Darajat	Kamojang, Jawa Barat/ *West Java*	Produksi/ *Production*	PT Pertamina Geothermal Energy
Karaha-Cakrabuana	Karaha, Jawa Barat/ *West Java*	Eksplorasi/ *Exploration*	PT Pertamina Geothermal Energy
Iyang Argopuro	Argopuro, Jawa Timur/ *East Java*	Eksplorasi/ *Exploration*	PT Pertamina Geothermal Energy
Lahendong	Lahendong, Sulawesi Utara/ *North Sulawesi*	Produksi/ *Production*	PT Pertamina Geothermal Energy
Kotamobagu	Kotamobagu, Sulawesi Utara/*North Sulawesi*	Eksplorasi/ *Exploration*	PT Pertamina Geothermal Energy
Ulubelu	Ulubelu, Lampung	Pengembangan/ *Development*	PT Pertamina Geothermal Energy

b. Kontrak Operasi Bersama (KOB)

Kontrak Operasi Bersama (KOB) meliputi kegiatan panas bumi di wilayah kerja PGE, yang dioperasikan oleh pihak ketiga. Berdasarkan KOB, PGE berhak menerima *Production Allowance* per triwulan sebagai kompensasi manajemen sejumlah antara 2,66% dan 4% dari laba operasi bersih KOB.

b. Joint Operating Contracts (JOCs)

Joint Operating Contracts (JOCs) involve geothermal activities in PGE's working areas, which activities are conducted by third parties. In accordance with the JOCs, PGE is entitled to receive Quarterly Production Allowances representing managerial compensation of between 2.66% and 4% of the JOCs' net operating income.

(Expressed in millions of Rupiah,
unless otherwise stated)

41. WILAYAH KERJA PANAS BUMI (lanjutan)

b. Kontrak Operasi Bersama (KOB) (lanjutan)

Pada tanggal 31 Desember 2009, KOB PGE adalah sebagai berikut:

41. GEOTHERMAL WORKING AREAS (continued)

b. Joint Operating Contracts (JOCs) (continued)

As of December 31, 2009, PGE's JOCs are as follows:

Wilayah Kerja/ ***Working Area***	**Lokasi/** ***Location***	**Status Lapangan/** ***Field Status***	**Operator/** ***Contractor***
Sibualbuali	Sarulla, Sumatera Utara/*North Sumatera*	Pengembangan/ *Development*	PT Perusahaan Listrik Negara (Persero)
Cibeureum - Parabakti	Salak, Jawa Barat/ *West Java*	Produksi/ *Production*	Chevron Geothermal Salak Ltd.
Pangalengan	Wayang Windu, Jawa Barat/*West Java*	Produksi/ *Production*	Magma Nusantara Ltd.
Kamojang-Darajat	Darajat, Jawa Barat/*West Java*	Produksi/ *Production*	Chevron Geothermal Indonesia Ltd.
Tabanan/Bedugul	Bedugul, Bali	Pengembangan/ *Development*	Bali Energy Ltd.

Pendapatan PGE dari kegiatan panas bumi dikenakan pajak (bagian pemerintah) sebesar 34%.

PGE's income from geothermal activities is subject to tax (government share) at the rate of 34%.

42. AUDIT OLEH BADAN PEMERIKSA KEUANGAN (BPK), BADAN PENGAWASAN KEUANGAN DAN PEMBANGUNAN (BPKP) DAN BPMIGAS UNTUK PERIODE TANGGAL 17 SEPTEMBER 2003 SAMPAI DENGAN TANGGAL 31 DESEMBER 2007

Sesuai dengan Bagian 8.1 dan Pasal 3.2 *Exhibit* C dari *Pertamina Petroleum Contract*, Perusahaan memperhitungkan penyusutan atas aset minyak dan gas bumi yang sebelumnya dimiliki oleh Pertamina Lama sebagai *recoverable costs* untuk periode tanggal 17 September 2003 sampai dengan tanggal 16 September 2005.

Sesuai dengan Pasal 3.2 *Exhibit* C dari Kontrak KKS PT Pertamina EP, PT Pertamina EP memperhitungkan penyusutan atas aset minyak dan gas bumi yang sebelumnya dimiliki oleh Pertamina Lama sebagai *recoverable costs* untuk periode tanggal 17 September 2005 sampai dengan tanggal 31 Desember 2005.

42. AUDITS BY THE SUPREME AUDIT AGENCY (BPK), FINANCIAL SUPERVISORY AND DEVELOPMENT AGENCY (BPKP) AND BPMIGAS FOR THE PERIOD FROM SEPTEMBER 17, 2003 THROUGH DECEMBER 31, 2007

In accordance with Section 8.1 and Article 3.2 of the Exhibit C of the Pertamina Petroleum Contract, the Company included the depreciation of oil and gas assets owned by the former Pertamina Entity as recoverable costs for the period from September 17, 2003 through September 16, 2005.

In accordance with Article 3.2 of the Exhibit C of the PT Pertamina EP's PSC, PT Pertamina EP included the depreciation of oil and gas assets owned by the former Pertamina Entity as recoverable costs for the period from September 17, 2005 through December 31, 2005.

(Expressed in millions of Rupiah,
unless otherwise stated)

42. AUDIT OLEH BADAN PEMERIKSA KEUANGAN (BPK), BADAN PENGAWASAN KEUANGAN DAN PEMBANGUNAN (BPKP) DAN BPMIGAS UNTUK PERIODE TANGGAL 17 SEPTEMBER 2003 SAMPAI DENGAN TANGGAL 31 DESEMBER 2007 (lanjutan)

Seperti dijelaskan di dalam Catatan 15d, sesuai dengan Keputusan Menteri Keuangan No. 92/KMK.06/2008 tanggal 2 Mei 2008, status atas aset yang sebelumnya dimiliki oleh Pertamina Lama yang tidak diakui di dalam neraca awal Perusahaan merupakan barang milik negara (BMN) yang disewa Perusahaan sejak tanggal 17 September 2003 sampai dengan tanggal 16 September 2005 dan dilanjutkan oleh PT Pertamina EP sejak tanggal 17 September 2005 sampai dengan akhir kontrak KKS PT Pertamina EP. Oleh karena itu, koreksi atas dampak penyusutan atas aset yang sebelumnya dimasukkan sebagai *recoverable costs* oleh Perusahaan untuk periode tanggal 17 September 2003 sampai tanggal 16 September 2005 dan PT Pertamina EP untuk periode tanggal 17 September 2005 sampai tanggal 31 Desember 2005 harus dilakukan.

Hasil temuan audit oleh BPK, BPMIGAS dan BPKP atas *cost recovery* Perusahaan dan PT Pertamina EP untuk periode 2003 sampai 2007 mengeluarkan biaya penyusutan aset yang sebelumnya dimiliki oleh Pertamina Lama pada tanggal 16 September 2003 dari *recoverable costs* yang menyebabkan kenaikan bagi hasil Perusahaan/PT Pertamina EP dan Pemerintah atas produksi minyak dan gas dan kenaikan kewajiban pajak badan dan dividen Perusahaan dan PT Pertamina EP.

Dampak dari audit BPK atas isu tersebut di atas adalah sebagai berikut:

42. AUDITS BY THE SUPREME AUDIT AGENCY (BPK), FINANCIAL SUPERVISORY AND DEVELOPMENT AGENCY (BPKP) AND BPMIGAS FOR THE PERIOD FROM SEPTEMBER 17, 2003 THROUGH DECEMBER 31, 2007 (continued)

As disclosed in Note 15d, pursuant to the Minister of Finance Decree No. 92/KMK.06/2008 dated May 2, 2008, the status of assets previously owned by the former Pertamina Entity which have not been recognized in the Company's opening balance sheet represent state-owned assets (BMN), which are leased to the Company for the period from September 17, 2003 to September 16, 2005 and to PT Pertamina EP for the period from September 17, 2005 until the expiry date of PT Pertamina EP's PSC. Accordingly, adjustments are required to recognize the impact of the related depreciation of such assets previously claimed as recoverable costs by the Company in the period from September 17, 2003 through September 16, 2005 and by PT Pertamina EP in the period from September 17, 2005 through December 31, 2005.

BPK, BPMIGAS and BPKP audit findings for the Company and PT Pertamina EP for the period from 2003 through 2007 excluded the depreciation of the assets owned by the former Pertamina Entity as at September 16, 2003 from recoverable costs, resulting in an increase in the Company's/PT Pertamina EP's and the Government's equity share of oil and gas production and an increase in corporate income and dividend tax payable by the Company and PT Pertamina EP.

The impact of the BPK's audit findings involving this issue is as follows:

	Kenaikan bagian Pemerintah atas bagi hasil produksi minyak dan gas/ *Increase in Government's share of equity oil and gas production* (dalam US Dolar/ *in US Dollars*)	Kenaikan kewajiban pajak badan dan dividen/ *Increase in corporate and dividend tax payable* (dalam US Dolar/ *in US Dollars*)	Jumlah/*Total* (dalam US Dolar/ *in US Dollars*)	
Perusahaan	373.522.000	310.311.000	683.833.000	*The Company*
PT Pertamina EP	341.300.000	290.616.000	631.916.000	*PT Pertamina EP*
Jumlah	**714.822.000**	**660.927.000**	**1.315.749.000**	***Total***

(Expressed in millions of Rupiah, unless otherwise stated)

42. AUDIT OLEH BADAN PEMERIKSA KEUANGAN (BPK), BADAN PENGAWASAN KEUANGAN DAN PEMBANGUNAN (BPKP) DAN BPMIGAS UNTUK PERIODE TANGGAL 17 SEPTEMBER 2003 SAMPAI DENGAN TANGGAL 31 DESEMBER 2007 (lanjutan)

Sebelum hasil audit BPK atas isu tersebut di atas dikeluarkan pada tanggal 6 Februari 2009, BPMIGAS dan BPKP mengeluarkan temuan audit yang sama pada tanggal 8 Mei 2008 sebagai berikut:

42. AUDITS BY THE SUPREME AUDIT AGENCY (BPK), FINANCIAL SUPERVISORY AND DEVELOPMENT AGENCY (BPKP) AND BPMIGAS FOR THE PERIOD FROM SEPTEMBER 17, 2003 THROUGH DECEMBER 31, 2007 (continued)

Prior to issuance of the BPK's audit findings in relation to this issue on February 6, 2009, BPMIGAS and BPKP in their audits issued a similar audit finding on May 8, 2008 with the impact as follows:

	Kenaikan bagian Pemerintah atas bagi hasil produksi minyak dan gas/ *Increase in Government's share of equity oil and gas production* (dalam US Dolar/ *in US Dollars*)	Kenaikan kewajiban pajak badan dan dividen/ *Increase in corporate and dividend tax payable* (dalam US Dolar/ *in US Dollars*)	Jumlah/*Total* (dalam US Dolar/ *in US Dollars*)	
Perusahaan	373.522.000	310.311.000	683.833.000	*The Company*
PT Pertamina EP	340.992.000	283.285.000	624.277.000	*PT Pertamina EP*
Jumlah	**714.514.000**	**593.596.000**	**1.308.110.000**	***Total***

Perusahaan dan PT Pertamina EP menerima hasil audit yang dilakukan oleh BPK sehubungan dengan isu tersebut di atas.

Dampak dari temuan audit untuk tahun 2003 dan 2004 dicatat pada laporan keuangan konsolidasian tanggal 31 Desember 2004. Dampak dari temuan audit untuk tahun 2005, 2006 dan 2007 dicatat pada laporan keuangan konsolidasian tahun-tahun yang bersangkutan.

Pada tahun 2008, PT Pertamina EP telah menyelesaikan kewajibannya kepada Pemerintah berdasarkan hasil temuan audit BPK sebesar USD714.514.000 (nilai penuh) dengan mekanisme *offset* terhadap piutang PT Pertamina EP kepada BPMIGAS berkaitan dengan DMO *fees* untuk tahun 2006 sampai 2008 dan tagihan *underlifting* dari BPMIGAS untuk tahun 2006 dan 2007. Penyelesaian PT Pertamina EP sebesar USD714.514.000 (nilai penuh), termasuk di dalamnya sebesar USD373.214.000 (nilai penuh) atas nama Perusahaan. Saldo sisa sebesar USD290.924.000 (nilai penuh) yang terhutang kepada Pemerintah, tidak termasuk kewajiban pajak Perusahaan, telah diselesaikan pada tanggal 19 Juni 2009, termasuk penyelesaian atas nama Perusahaan sebesar USD308.000 (nilai penuh).

The Company and PT Pertamina EP have accepted the position as per the BPK's audit findings in relation to this issue.

The effects of the 2003 and 2004 audit findings were recognized in the consolidated December 31, 2004 financial statements. The effects of audit findings for 2005, 2006 and 2007 have been recognized in the respective years' consolidated financial statements.

In 2008, PT Pertamina EP settled an amount of US$714,514,000 (full amount) of the liability to the Government based on the BPK's audit findings by way of offset against PT Pertamina EP's receivables from BPMIGAS for DMO fees for 2006 through 2008 and underlifting receivables from BPMIGAS for 2006 and 2007. PT Pertamina EP's settlement of US$714,514,000 (full amount) includes US$373,214,000 (full amount) on behalf of the Company. The remaining liability of US$290,924,000 (full amount) due to the Government, excluding the Company's tax obligation, was settled on June 19, 2009, which settlement includes US$308,000 (full amount) on behalf of the Company.

42. AUDIT OLEH BADAN PEMERIKSA KEUANGAN (BPK), BADAN PENGAWASAN KEUANGAN DAN PEMBANGUNAN (BPKP) DAN BPMIGAS UNTUK PERIODE TANGGAL 17 SEPTEMBER 2003 SAMPAI DENGAN TANGGAL 31 DESEMBER 2007 (lanjutan)

Penyelesaian temuan audit atas pajak penghasilan dan dividen Perusahaan sebesar USD310.311.000 (nilai penuh) masih ditangguhkan menunggu hasil pengajuan banding Perusahaan atas lebih bayar pajak badan untuk periode sejak tanggal 17 September 2003 sampai dengan tanggal 31 Desember 2005.

42. AUDITS BY THE SUPREME AUDIT AGENCY (BPK), FINANCIAL SUPERVISORY AND DEVELOPMENT AGENCY (BPKP) AND BPMIGAS FOR THE PERIOD FROM SEPTEMBER 17, 2003 THROUGH DECEMBER 31, 2007 (continued)

Settlement of the Company's corporate and dividend tax obligation based on the BPK's audit findings of US$310,311,000 (full amount) is pending the outcome of the Company's appeal in relation to the overpayment of the Company's corporate income tax for the period from September 17, 2003 through December 31, 2005.

43. RISIKO USAHA

Kegiatan operasi PT Pertamina EP dan Anak Perusahaan PT Pertamina Hulu Energi selalu dihadapkan pada bahaya dan risiko yang ditimbulkan dari aktivitas pengeboran, dan produksi serta transportasi minyak dan gas, seperti kebakaran, bencana alam, ledakan, berhadapan dengan tekanan abnormal, semburan liar, keretakan, pipa-pipa yang putus dan bocor yang mengakibatkan hilangnya *hydrocarbon*, pencemaran lingkungan, kecelakaan kerja dan kerugian lainnya pada aset-aset perusahaan-perusahaan. Di samping itu, kegiatan operasional minyak dan gas Perusahaan dan Anak Perusahaan tertentu berada di area yang rentan terhadap gangguan cuaca, yang di antaranya menyebabkan kerusakan fatal terhadap fasilitas-fasilitas tersebut sehingga memungkinkan akan menganggu proses produksi. Untuk mengurangi dampak keuangan dari kemungkinan bahaya dalam operasional ini, penutupan asuransi dilakukan atas kerugian-kerugian tertentu, namun tidak untuk seluruh potensi kerugian. Penutupan asuransi terhadap kegiatan eksplorasi dan produksi minyak dan gas, termasuk namun tidak terbatas pada, kerusakan sumur-sumur, semburan liar, dan biaya tertentu atas pengendalian polusi, kerusakan fisik atas aset-aset tertentu, kewajiban pemberi kerja, pertanggungjawaban umum dan jaminan kesejahteraan karyawan.

43. BUSINESS RISKS

PT Pertamina EP's and Pertamina Hulu Energi's Subsidiaries' operations are subject to hazards and risks inherent in drilling for and production and transportation of oil and gas, such as fires, natural disasters, explosions, encountering abnormal forces, blowouts, cratering, pipeline ruptures and spills, which can result in the loss of hydrocarbons, environmental pollution, work accidents and other damage to those companies' properties. Oil and 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. In order to mitigate the financial impact of possible operational hazards, insurance coverage is maintained against some, but not all, potential losses. Insurance coverage for 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 worker's compensation insurance.

(Expressed in millions of Rupiah, unless otherwise stated)

44. AKTIVITAS YANG TIDAK MEMPENGARUHI ARUS KAS

44. ACTIVITIES NOT AFFECTING CASH FLOWS

	2009	2008	
Saling hapus nilai lawan (hutang kepada Pemerintah atas bagian produksi minyak mentah Indonesia yang masuk ke kilang Perusahaan) dengan piutang usaha dari PLN serta penggantian biaya subsidi LPG tabung 3 kg (Catatan 15a)	53.285.332	15.951.912	*Offset of conversion account (amount due to the Government for its share of Indonesian crude oil production supplied to the Company's refineries) against trade receivables from PLN and reimbursement of costs subsidy for LPG 3 kg cylinders (Note 15a)*
Saling hapus piutang atas penggantian biaya subsidi jenis BBM tertentu dengan hutang kepada Pemerintah (Catatan 6a)	36.389.626	125.631.574	*Offset of receivables for reimbursements of costs subsidy for certain fuel (BBM) products against balances due to the Government (Note 6a)*
Penambahan aset sewa pembiayaan dan aset konsesi	1.665.096	2.915.485	*Increase in finance lease assets and concession assets*
Pengurangan di aset minyak dan gas serta panas bumi akibat dari revisi atas kewajiban biaya restorasi dan reklamasi lingkungan hidup	698.316	1.251.950	*Deductions in oil and gas, and geothermal properties as a result of revision in provision for environmental restoration and reclamation costs*
Penambahan aset DPPU	588.890	-	*Increase in Aircraft Filling Depot (DPPU) assets*
Penambahan aset minyak dan gas yang berasal dari kapitalisasi beban penyusutan, deplesi dan amortisasi, dan biaya restorasi dan reklamasi lingkungan hidup	251.082	148.505	*Oil and gas property additions resulting from capitalization of depreciation, depletion and amortization expense and environmental restoration and reclamation costs*
Reklasifikasi dari aset lain-lain ke investasi jangka panjang	-	5.000.000	*Reclassification of other assets to long-term investments*

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN

a. Program kerja dan anggaran serta bonus

Sesuai KKS, PT Pertamina EP memiliki komitmen antara lain:

i) Aktivitas Geologi dan *Geophysical* (G&G) dengan jumlah anggaran USD600.000 (nilai penuh) selama 6 tahun pertama KKS.
ii) Seismik 2D selama 2 tahun pertama KKS.
iii) Akuisisi dan pemrosesan data seismik dengan total anggaran USD3.200.000 (nilai penuh) selama 2 tahun pertama KKS.
iv) Penggalian sumur eksplorasi dengan jumlah anggaran USD48.000.000 (nilai penuh) selama 6 tahun pertama KKS yang meliputi 2 sumur setiap tahunnya.

Pada tanggal 31 Desember 2009 dan 2008, PT Pertamina EP sudah:

i) Membelanjakan sebesar USD5.032.667 (nilai penuh) dan Rp28.801 pada tahun 2009 dan USD8.315.012 (nilai penuh) dan Rp47.571 pada tahun 2008 untuk aktivitas G&G.
ii) Menyelesaikan survey seismik 2D yang meliputi area 1991 km pada tahun 2009 (2008: 667 km).
iii) Memperoleh data seismik sebesar USD25.672.191 (nilai penuh) dan Rp310.927 pada tahun 2009 dan USD32.801.671 (nilai penuh) dan Rp530.678 pada tahun 2008.
iv) Menyelesaikan penggalian 27 sumur eksplorasi pada tahun 2009. Penggalian 18 dari sumur eksplorasi tersebut telah dimulai pada tahun 2008.

PT Pertamina EP wajib membayar bonus kepada Pemerintah sejumlah USD500.000 (nilai penuh) dalam 30 hari setelah produksi kumulatif minyak dan gas mencapai 500 MMBOE sejak tanggal efektif KKS dan USD1.000.000 (nilai penuh) dalam 30 hari setelah produksi kumulatif minyak dan gas mencapai 1.000 MMBOE sejak tanggal efektif KKS dan USD1.500.000 (nilai penuh) dalam 30 hari setelah produksi kumulatif minyak dan gas mencapai 1.500 MMBOE sejak tanggal efektif KKS.

Jumlah produksi kumulatif minyak dan gas bumi PT Pertamina EP untuk periode yang berakhir pada tanggal 31 Desember 2009, belum mencapai 500 MMBOE.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Work program and budget, and bonuses

In accordance with its PSC, PT Pertamina EP has commitments, including:

i) Geological and Geophysical (G&G) activities involving a total budget of US$600,000 (full amount) during the first 6 years of the PSC.
ii) 2D seismic program during the first 2 years of the PSC.
iii) Acquisition and processing of seismic data involving a total budget of US$3,200,000 (full amount) during the first 2 years of the PSC.
iv) Drilling exploration wells involving a total budget of US$48,000,000 (full amount) for the first 6 years of the PSC, representing 2 wells per year.

As of December 31, 2009 and 2008, PT Pertamina EP has:

i) Spent US$5,032,667 (full amount) and Rp28,801 in 2009 and US$8,315,012 (full amount) and Rp47,571 in 2008 on G&G activities.
ii) Completed 2D seismic survey activity in 2009 covering 1991 km (2008: 667 km).
iii) Acquired seismic data at a cost of US$25,672,191 (full amount) and Rp310,927 in 2009 and US$32,801,671 (full amount) and Rp530,678 in 2008.
iv) Completed drilling of 27 exploration wells in 2009. Drilling of 18 of those exploration wells was started in 2008.

PT Pertamina EP is required to pay a bonus to the Government amounting to US$500,000 (full amount) 30 days after the cumulative production of oil and gas reaches 500 MMBOE from the effective date of the PSC and US$1,000,000 (full amount) 30 days after the cumulative production of oil and gas reaches 1,000 MMBOE from the effective date of the PSC and US$1,500,000 (full amount) 30 days after cumulative production of oil and gas reaches 1,500 MMBOE from the effective date of the PSC.

PT Pertamina EP's cumulative production of oil and gas as of December 31, 2009 is less than 500 MMBOE.

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN (lanjutan)

b. Pengeluaran untuk pembelian barang modal

Perusahaan dan Anak Perusahaan memiliki komitmen pengeluaran barang modal dalam menjalankan usaha normalnya.

c. Perjanjian jual beli gas

Pada tanggal 31 Desember 2009, Perusahaan dan PT Pertamina EP mengadakan perjanjian jual beli gas dengan beberapa perusahaan untuk jasa pasokan gas bumi dengan periode perjanjian 1 sampai 18 tahun.

d. Kontrak *build and rent* (B&R)

Kontrak *build and rent* (B&R) ditandatangani oleh Pertamina Lama dari periode 1996 sampai 1998, meliputi proyek-proyek berikut ini:

- Depot Satelit A - Jakarta
- Terminal Transit - Kuala Tanjung
- Pembangunan pipanisasi Kertapati - Jambi
- Pembangunan pipanisasi Balikpapan - Samarinda
- Pembangunan pipanisasi Manggis - Sanggaran
- Depot Satelit Maros - Makassar
- Depot Satelit - Surabaya (Sidoarjo/Kraton)
- Pembangunan pipanisasi Dumai - Siak (Pekanbaru)

Kegiatan fisik dari seluruh proyek B&R berhenti sejak tahun 1999.

Depot Satelit A - Jakarta

Proyek ini telah dibatalkan dan keputusan arbitrase di tahun 2007 menghasilkan kesepakatan dimana Perusahaan akan membayar ganti rugi kepada PT Pandanwangi Sekartaji sebesar Rp117.707 (Catatan 45.e.1). Biaya ganti rugi tersebut dicatat dalam laporan keuangan konsolidasian Perusahaan pada tanggal 31 Desember 2003.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Capital expenditures

The Company and its Subsidiaries have capital expenditure commitments in the normal course of business.

c. Gas sale and purchase agreements

As of December 31, 2009, the Company and PT Pertamina EP have gas sale and purchase agreements with various companies involving natural gas supplies over periods of 1 to 18 years.

d. Build and rent (B&R) contracts

The build and rent (B&R) contracts entered into by the former Pertamina Entity in the period from 1996 to 1998, involve the following projects:

- *Satellite Depot A - Jakarta*
- *Transit Port - Kuala Tanjung*
- *Pipeline construction - Kertapati - Jambi*
- *Pipeline construction - Balikpapan - Samarinda*
- *Pipeline construction - Manggis - Sanggaran*
- *Satellite Depot Maros - Makassar*
- *Satellite Depot - Surabaya (Sidoarjo/Kraton)*
- *Pipeline construction - Dumai - Siak (Pekanbaru)*

Physical activities on all of these B&R projects were stopped in 1999.

Satellite Depot A - Jakarta

This project has been cancelled and an arbitration decision in 2007 resulted in an agreement that the Company would pay compensation to PT Pandanwangi Sekartaji in the amount of Rp117,707 (Note 45.e.1). The cost of such compensation amount was recognised in the Company's consolidated financial statements as of December 31, 2003.

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN (lanjutan)

d. Kontrak *build and rent* (B&R) (lanjutan)

Terminal Transit - Kuala Tanjung

PT Dela Rohita (kontraktor) menandatangani perjanjian dengan Perusahaan pada tanggal 28 April 2006 dimana kontraktor menyetujui untuk tidak menuntut ganti rugi dari Perusahaan berkaitan dengan proyek ini.

Belum ada negosiasi atau pembicaraan antara Perusahaan dengan pihak-pihak yang berkaitan dengan 6 (enam) proyek lainnya sampai dengan tanggal penyelesaian laporan keuangan konsolidasian.

Kecuali untuk proyek Depot Satelit A, tidak ada kewajiban yang diakui pada laporan keuangan konsolidasian Perusahaan tanggal 31 Desember 2009 dan 2008 berkaitan dengan proyek B&R.

e. Perkara hukum

Dalam melakukan kegiatan normal usahanya, Perusahaan dan Anak Perusahaan menghadapi gugatan dari pihak ketiga atas berbagai perkara hukum dan tuntutan sehubungan dengan kepatuhan dengan kontrak, perjanjian, peraturan pemerintah dan peraturan pajak. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, jumlah kerugian yang mungkin timbul atas beberapa tuntutan hukum masih belum dapat ditentukan kecuali untuk tuntutan kasus hukum seperti yang dijelaskan di No. 1) dan 2) di bawah ini. Tuntutan kasus paling signifikan yang saat ini masih berlangsung dan menunggu keputusan akhir dijelaskan pada Catatan 45f.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Build and rent (B&R) contracts (continued)

Transit Port - Kuala Tanjung

PT Dela Rohita (the Contractor) entered into an agreement with the Company dated April 28, 2006 under which the Contractor agreed not to claim any compensation from the Company in relation to this project.

There have been no negotiations or discussions between the Company and the parties for the remaining 6 (six) projects as of the date of completion of these consolidated financial statements.

Except for Project Satellite Depot A, no liability has been recognized in the Company's consolidated financial statements as of December 31, 2009 and 2008 in relation to these B&R projects.

e. Legal cases

In the normal course of business, the Company and Subsidiaries are party to various legal actions in relation to compliance with contracts, agreements, government regulations and the tax law. As of the completion date of these consolidated financial statements, the possible losses arising from various legal actions cannot be determined except in relation to the legal actions described in No. 1) and 2) below. The most significant legal action currently in progress which is pending a final decision is described in Note 45f.

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN (lanjutan)

e. Perkara hukum (lanjutan)

1. PT Pandanwangi Sekartaji

Perusahaan sebagai tergugat dalam kasus hukum PT Pandanwangi Sekartaji (Pandanwangi) terkait gugatan atas tidak terlaksananya pembangunan, pengoperasian, penyewaan dan pemeliharaan proyek Depot Satelit A, Jakarta. Berdasarkan keputusan arbitrase No. 247/I/ARB-BANI/2007 tanggal 4 Oktober 2007, diputuskan bahwa Perusahaan harus membayar ganti rugi sebesar USD20.136.110 (nilai penuh) kepada Pandanwangi.

Perusahaan dan Pandanwangi menyetujui jumlah ganti rugi sebesar Rp117.707 berdasarkan hasil perhitungan yang dilakukan oleh Badan Pengawasan Keuangan dan Pembangunan (BPKP) melalui surat No. LAP-193/D504/1/2003 tanggal 30 Mei 2003 dan kesepakatan bersama antara Perusahaan dan Pandanwangi sesuai Akta Notaris Lenny Janis Ishak, S.H., No. 7 tanggal 27 Januari 2009. Pembayaran ganti rugi ini akan dibayar Perusahaan melalui dua tahap masing-masing sebesar 50% dari jumlah ganti rugi yang disepakati.

Perusahaan telah membentuk penyisihan potensi kerugian atas gugatan tersebut pada laporan konsolidasiannya tanggal 31 Desember 2003. Perusahaan telah melakukan pembayaran tahap I sebesar 50% dari pembayaran ganti rugi yang disepakati pada tanggal 10 Maret 2009.

2. PT Lirik Petroleum

Perusahaan dan PT Pertamina EP, Anak Perusahaan, sebagai tergugat dalam kasus gugatan PT Lirik Petroleum (Lirik) atas perkara sengketa hak pengelolaan blok minyak dan gas yang berlokasi di Pulai Utara dan Pulai Selatan, Propinsi Riau.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Legal cases (continued)

1. PT Pandanwangi Sekartaji

The Company was a defendant in a legal suit instituted by PT Pandanwangi Sekartaji (Pandanwangi) in relation to the claim for incomplete development, operation, rental and maintenance of the Satellite Depot A, Jakarta project. Based on an arbitration decision No. 247/I/ARB-BANI/2007 dated October 4, 2007 it was decided that the Company should pay compensation amounting to US$20,136,110 (full amount) to Pandanwangi.

The Company and Pandanwangi agreed to an amount of compensation of Rp117,707 based on the result of a calculation performed by the BPKP (Financial Supervisory and Development Agency) through its letter No. LAP-193/D504/1/2003 dated May 30, 2003 and an agreement between the Company and Pandanwangi was documented in Notarial Deed No. 7 of Lenny Janis Ishak, S.H., dated January 27, 2009. The compensation will be paid by the Company in two stages, each at 50% of the agreed compensation amount.

The Company recognized a provision for the potential loss on such claim in its consolidated financial statements as of December 31, 2003. The Company made the first 50% payment of the agreed compensation amount on March 10, 2009.

2. PT Lirik Petroleum

The Company and PT Pertamina EP, a Subsidiary, are defendants in a legal suit instituted by PT Lirik Petroleum (Lirik) in relation to a dispute involving rights to operate oil and gas blocks located in Pulai Utara and Pulai Selatan, Riau Province.

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN (lanjutan)

e. Perkara hukum (lanjutan)

2. PT Lirik Petroleum (lanjutan)

Pada tanggal 17 Mei 2006, Lirik membawa gugatannya ke *International Chamber of Commerce* (*ICC*) di Paris, Perancis, sehubungan dengan adanya pelanggaran kontrak *Enhanced Oil Recovery* (*EOR*) akibat ditolaknya permohonan Lirik untuk mengkomersialkan operasi blok minyak dan gas tersebut. Selanjutnya sesuai dengan keputusan ICC No.14387/JB/JEM tanggal 27 Februari 2009, tergugat berkewajiban untuk membayar ganti rugi sebesar USD34.495.428 (nilai penuh) dan bunga sebesar 6% per tahun sejak tanggal keputusan final ICC sampai tanggal pembayaran.

Dengan demikian, Perusahaan telah membentuk penyisihan kerugian atas gugatan tersebut pada laporan keuangan konsolidasian pada tanggal 31 Desember 2009 dan 2008.

Pada tanggal 11 Mei 2009, Perusahaan dan PT Pertamina EP mengajukan permohonan ke Pengadilan Negeri Jakarta Pusat untuk memohon pembatalan keputusan ICC tersebut di atas. Pada tanggal 3 September 2009, Pengadilan Negeri Jakarta Pusat menolak permohonan Perusahaan dan PT Pertamina EP tersebut. Pada tanggal 28 September 2009, Perusahaan dan PT Pertamina EP mengajukan permohonan banding terkait dengan keputusan Pengadilan Negeri Jakarta Pusat kepada Mahkamah Agung. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, keputusan atas permohonan banding tersebut belum diterbitkan.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Legal cases (continued)

2. PT Lirik Petroleum (continued)

On May 17, 2006, Lirik brought the legal suit to the International Chamber of Commerce (ICC) in Paris, France, on the basis that there was a violation of its rights under the Enhanced Oil Recovery (EOR) contract, since Lirik's request for approval for commercial operations of the oil and gas blocks had been rejected. Pursuant to the ICC's decision No.14387/JB/JEM dated February 27, 2009, the defendants are obliged to pay compensation of US$34,495,428 (full amount) and interest at 6% per annum from the date of registration of the final award by the ICC until the date of payment.

Accordingly, the Company has recognized a provision for such compensation in its consolidated financial statements as of December 31, 2009 and 2008.

On May 11, 2009, the Company and PT Pertamina EP filed an appeal to the Central Jakarta District Court requesting the cancellation of the above ICC decision. On September 3, 2009, the Central Jakarta District Court rejected the Company's and PT Pertamina EP's appeal. On September 28, 2009, the Company and PT Pertamina EP lodged an appeal in relation to the Central Jakarta District Court's Decision to the Supreme Court. As of the completion date of these consolidated financial statements, the decision related to the appeal to the Supreme Court has not been issued yet.

45. PERJANJIAN, KOMITMEN, DAN KONTINJENSI SIGNIFIKAN (lanjutan)

f. Gugatan Hukum oleh eks-karyawan Naamlose Vennootschap Netherlandsche Nieuw Guinee Petroleum Maatchappij (NV NNGPM)

Pada tahun 2008, gugatan hukum terhadap Perusahaan, PT Pertamina EP dan Pemerintah Indonesia cq. Menteri Negara Badan Usaha Milik Negara diajukan melalui Pengadilan Negeri Sorong oleh bekas karyawan NV NNGPM, yang diambil alih kegiatan operasinya oleh salah satu perusahaan sebelum Pertamina Lama pada tahun 1964. Penggugat mengajukan gugatan untuk kompensasi bekas karyawan NV NNGPM sebesar Rp2.621.952. Pengadilan Negeri Sorong memenangkan penggugat pada tanggal 18 Maret 2009 dan meminta Perusahaan dan PT Pertamina EP untuk membayar kompensasi sebesar Rp2.372.952.

Pada tanggal 14 Mei 2009, Perusahaan dan PT Pertamina EP mengajukan banding atas keputusan Pengadilan Negeri Sorong ke Pengadilan Tinggi Jayapura. Pada tanggal 23 Oktober 2009, Pengadilan Tinggi Jayapura memenangkan pengugat dan meminta Perusahaan dan PT Pertamina EP untuk membayar kompensasi sebesar Rp1.724.242.

Pada tanggal 30 November 2009 dan 14 Desember 2009, PT Pertamina EP dan Perusahaan masing-masing mengajukan permohonan kasasi ke Mahkamah Agung atas keputusan Pengadilan Tinggi Jayapura. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, keputusan terkait pengajuan permohonan kasasi oleh PT Pertamina EP dan Perusahaan ke Mahkamah Agung belum diperoleh. Manajemen Perusahaan dan PT Pertamina EP yakin bahwa penyelesaian gugatan hukum tidak akan melibatkan jumlah yang signifikan, jika ada, dan oleh karena itu tidak ada pencadangan yang diakui di dalam laporan keuangan konsolidasian pada tanggal 31 Desember 2009 dan 2008 terkait dengan gugatan tersebut.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Legal Claim by former Naamlose Vennootschap Netherlandsche Nieuw Guinee Petroleum Maatchappij (NV NNGPM) employees

In 2008, a legal claim was submitted to the Sorong District Court against the Company, PT Pertamina EP and the Government of Indonesia cq. the State Minister of State-Owned Enterprises by former employees of NV NNGPM, which operation was taken over by one of the predecessor companies of the former Pertamina Entity in 1964. The plaintiff is claiming compensation for former employees of NV NNGPM in the amount of Rp2,621,952. The Sorong District Court issued a decision in the plaintiff's favor on March 18, 2009 ruling that the Company and PT Pertamina EP pay compensation of Rp2,372,952.

On May 14, 2009, the Company and PT Pertamina EP lodged an appeal against the decision of the Sorong District Court to the Jayapura High Court. On October 23, 2009, the Jayapura High Court issued a decision in favor of the plaintiff, ruling that the Company and PT Pertamina EP pay compensation of Rp1,724,242.

On November 30, 2009 and December 14, 2009, PT Pertamina EP and the Company lodged appeals to the Supreme Court against the decision of the Jayapura High Court, respectively. As of the completion date of these consolidated financial statements, decisions in relation to PT Pertamina EP's and the Company's appeals to the Supreme Court have not been issued yet. The management of the Company and PT Pertamina EP believe that the settlement of the legal claim will not involve a significant amount, if any, and accordingly, no provision has been recognized in the consolidated financial statements as of December 31, 2009 and 2008, in relation to this claim.

(Expressed in millions of Rupiah, unless otherwise stated)

46. PERISTIWA PENTING SETELAH TANGGAL NERACA

a. Penyertaan Anak Perusahaan

Penyertaan pada PT Nusantara Regas

Pada tanggal 14 April 2010, Perusahaan dan PT Perusahaan Gas Negara (Persero) Tbk (PGN) mendirikan PT Nusantara Regas, perusahaan yang bergerak dalam bidang pengelolaan dan pengembangan *floating storage* dan *regasification* terminal. Kepemilikan Perusahaan pada PT Nusantara Regas sebesar 60%.

Penyertaan PT Pertamina Hulu Energi pada Anak Perusahaannya

Pada tanggal 30 Juni 2010, PT Pertamina Hulu Energi (PHE) melakukan penyertaan di perusahaan-perusahaan berikut:

46. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

a. Investments in Subsidiaries

Investment in PT Nusantara Regas

On April 14, 2010, the Company and PT Perusahaan Gas Negara (Persero) Tbk (PGN) established PT Nusantara Regas, a company which is engaged in the management and development of floating storage and regasification terminals. The Company's ownership interest in PT Nusantara Regas is 60%.

PT Pertamina Hulu Energi Investments in Subsidiaries

On June 30, 2010, PT Pertamina Hulu Energi (PHE) made investments in the following entities:

No.	Nama Anak Perusahaan PHE/ *Name of PHE's Subsidiaries*	Wilayah kerja/ *Working area*	Kegiatan usaha/ *Nature of business*	Persentase kepemilikan/ *Percentage of ownership*
1	PT Pertamina Hulu Energi Semai	Block Semai II, Papua Barat/ *West Papua*	Eksplorasi untuk dan produksi minyak dan gas/ *Exploration for and production of oil and gas*	99,00%
2	PT Pertamina Hulu Energi Metana Kalimantan A	Block GMB Sanggata I, Kalimantan Timur/ *East Kalimantan*	Eksplorasi untuk dan produksi gas metana batubara/ *Exploration for and production of coal bed methane*	99,00%
3	PT Pertamina Hulu Energi Metana Kalimantan B	Block GMB Sanggata II, Kalimantan Timur/ *East Kalimantan*	Eksplorasi untuk dan produksi gas metana batubara/ *Exploration for and production of coal bed methane*	99,00%
4	PT Pertamina Hulu Energi Metana Sumatera Tanjung Enim	Block Tanjung Enim Sumatera selatan/ *South Sumatera*	Eksplorasi untuk dan produksi gas metana batubara/ *Exploration for and production of coal bed methane*	99,00%
5	PT Pertamina Hulu Energi Metana Sumatera 2	Block Muara Enim Sumatera selatan/ *South Sumatera*	Eksplorasi untuk dan produksi gas metana batubara/ *Exploration for and production of coal bed methane*	99,00%
6	PT Pertamina Hulu Energi West Glagah Kambuna	Block West Glagah Kambuna, Sumatera Utara/ *North Sumatera*	Eksplorasi untuk dan produksi minyak dan gas/ *Exploration for and production of oil and gas*	99,00%

46. PERISTIWA PENTING SETELAH TANGGAL NERACA (lanjutan)

a. Penyertaan Anak Perusahaan (lanjutan)

Akuisisi Inpex Jawa Limited

Efektif sejak tanggal 30 September 2010, PHE mengakuisisi 100% modal saham Inpex Jawa Limited dari Inpex Corporation (83,5%), Shoseki Overseas Oil Development Co. Ltd. (12,5%), dan Jx Nippon Oil & Gas Exploration Corporation (4%).

Inpex Jawa Limited adalah perusahaan yang berdomisili di Jepang yang memiliki 7,25% *participating interest* di KKS *Offshore Northwest Java* (ONWJ). Inpex Jawa Limited memiliki 100% saham Inpex Sumatera Limited yang berdomisili di Jepang dan memiliki 13,0674% *participating interest* di KKS *Offshore Southeast Sumatera*.

Penyertaan pada PT Pertagas Niaga

Pada tanggal 23 Maret 2010, PT Pertamina Gas dan PT Pertamina Hulu Energi melakukan penyertaan di PT Pertagas Niaga, perusahaan yang bergerak dalam bidang perdagangan gas bumi dan produk turunannya

b. Pengalihan saham Perusahaan di PT Pertamina EP Randugunting

Berdasarkan Rapat Pemegang Saham di bulan Maret 2010, PT Pertamina (Persero) menyetujui untuk mengalihkan 98% saham di PT Pertamina EP Randugunting ke PT Pertamina Hulu Energi atas dasar nilai buku sebesar Rp490 dan 1% saham PT Pertamina EP Randugunting ke PT Pertamina Gas atas dasar nilai buku sebesar Rp5. Perjanjian jual dan beli sehubungan transfer ini ditanda tangani dan efektif tanggal 26 Maret 2010.

Pengalihan kepemilikan ini telah mendapatkan persetujuan dari Menteri Negara Badan Usaha Milik Negara dengan surat No. S-28/MBU/2010 tanggal 22 Januari 2010.

46. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE (continued)

a. Investments in Subsidiaries (continued)

Acquisition of Inpex Jawa Limited

Effective from September 30, 2010, PHE acquired 100% of the shares of Inpex Jawa Limited from Inpex Corporation (83.5%), Shoseki Overseas Oil Development Co. Ltd. (12.5%), and Jx Nippon Oil & Gas Exploration Corporation (4%).

Inpex Jawa Limited, a corporation domiciled in Japan holds a 7.25% participating interest in the Offshore Northwest Java (ONWJ) PSC. Inpex Jawa Limited has a 100% ownership interest in Inpex Sumatera Limited, a corporation domiciled in Japan, which holds a 13.0674% participating interest in the Offshore Southeast Sumatera PSC.

Investment in PT Pertagas Niaga

On March 23, 2010, PT Pertamina Gas and PT Pertamina Hulu Energi made investment in PT Pertagas Niaga, a company which is engaged in trading natural gas and its derivative products.

b. Transfer of the Company's ownership interest in PT Pertamina EP Randugunting

Based on a decision of a Shareholders' Meeting in March 2010, PT Pertamina (Persero) agreed to transfer 98% of the shares in PT Pertamina EP Randugunting to PT Pertamina Hulu Energi on the basis of book value in the amount of Rp490 and to transfer 1% of the shares in PT Pertamina EP Randugunting to PT Pertamina Gas on the basis of book value in the amount of Rp5. The sales and purchase agreements involving such transfer of shares have been signed and became effective on March 26, 2010.

The transfer of this ownership interest had been approved by the Ministry of State-owned Corporation in approval letter No. S-28/MBU/2010 dated January 22, 2010.

46. PERISTIWA PENTING SETELAH TANGGAL NERACA (lanjutan)

c. Rapat Umum Pemegang Saham Luar Biasa (RUPSLB)

I. RUPSLB tahun buku 2006 dan 2007

Pada tanggal 17 Mei 2010, Perusahaan menyelenggarakan RUPSLB untuk tahun buku 2006 dan 2007. Berdasarkan notulen rapat, pemegang saham menetapkan antara lain hal-hal berikut ini:

i. Penggunaan laba bersih Perusahaan tahun buku 2006:
   - Pembagian dividen ditetapkan berdasarkan surat Menteri BUMN.
   - Penetapan tantiem (bonus) bagi anggota Direksi dan Dewan Komisaris.

ii. Penggunaan laba bersih Perusahaan tahun buku 2007:
   - Pembagian dividen ditetapkan berdasarkan surat Menteri BUMN.
   - Penetapan tantiem (bonus) bagi anggota Direksi dan Dewan Komisaris.

Berdasarkan surat dari Menteri Badan Usaha Milik Negara No.S-305/MBU/2010 tanggal 27 Mei 2010, langkah-langkah berikut ini disetujui:

i. Penggunaan laba bersih Perusahaan tahun buku 2006 sebesar Rp21.158.878:
   - Pembagian dividen sebesar Rp19.848.350,
   - Alokasi sebesar Rp85.800 untuk dana bina lingkungan,
   - Alokasi sebesar Rp1.057.940 untuk cadangan wajib, dan
   - Alokasi sebesar Rp166.788 untuk cadangan lainnya.

ii. Penggunaan laba bersih Perusahaan tahun buku 2007 sebesar Rp17.223.069:
   - Pembagian dividen sebesar Rp11.006.970,
   - Alokasi sebesar Rp92.100 untuk dana program kemitraan,
   - Alokasi sebesar Rp147.800 untuk dana bina lingkungan,
   - Alokasi sebesar Rp861.150 untuk cadangan wajib, dan
   - Alokasi sebesar Rp5.115.849 untuk cadangan lainnya.

46. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE (continued)

c. Extraordinary Shareholder's General Meetings (ESMs)

I. ESMs for years 2006 and 2007

On May 17, 2010, the Company held ESMs for the years 2006 and 2007. Based on the minutes of meetings, the shareholder approved, among others, the following actions:

i. Utilization of the Company's net income for 2006:
   - *Distribution of a dividend determined separately through a Minister of State-Owned Enterprises' letter.*
   - *Allocation of the tantiem (bonus) amount for the members of the Boards of Directors and Commissioners.*

ii. Utilization of the Company's net income for 2007:
   - *Distribution of a dividend determined separately through the Minister of State-Owned Enterprises' letter.*
   - *Allocation of the tantiem (bonus) amount for the members of the Boards of Directors and Commissioners.*

Based on the Minister of State-Owned Enterprises' letter No.S-305/MBU/2010 dated May 27, 2010, the following actions were approved:

i. Utilization of net income for 2006 of the Company amounting to Rp21,158,878:
   - *Distribution of a dividend of Rp19,848,350,*
   - *Allocation of Rp85,800 to an environmental community aid program fund,*
   - *Allocation of Rp1,057,940 to a compulsory reserve, and*
   - *Allocation of Rp166,788 to other reserves.*

ii. Utilization of net income for 2007 of the Company amounting to Rp17,223,069:
   - *Distribution of a dividend of Rp11,006,970,*
   - *Allocation of Rp92,100 to a Partnership Aid Program Fund*
   - *Allocation of Rp147,800 to a community aid program fund,*
   - *Allocation of Rp861,150 to a compulsory reserve, and*
   - *Allocation of Rp5,115,849 to other reserves.*

46. PERISTIWA PENTING SETELAH TANGGAL NERACA (lanjutan)

c. Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) (lanjutan)

II. RUPSLB tahun buku 2008

Pada tanggal 18 Agustus 2010, Perusahaan menyelenggarakan RUPSLB untuk tahun buku 2008. Berdasarkan notulen rapat, pemegang saham menetapkan antara lain hal-hal berikut ini:

i. Penggunaan laba bersih Perusahaan tahun buku 2008 sebesar Rp19.771.113:
   - Pembagian dividen sebesar Rp16.093.000.
   - Dana Program Kemitraan sebesar Rp138.473.
   - Cadangan umum sebesar Rp3.539.640 yang terdiri dari cadangan wajib sebesar Rp988.556 dan cadangan lainnya sebesar Rp2.551.084.
   - Penetapan tantiem (bonus) bagi anggota Direksi dan Dewan Komisaris.

d. Piutang dari PT Trans Pacific Petrochemical Indotama (TPPI)

Piutang Perusahaan dari TPPI pada tanggal 31 Desember 2009 sebesar USD386.115.368 (nilai penuh) (2008: USD284.337.994) (nilai penuh) terdiri dari piutang usaha atas penjualan Senipah *condensate* sebesar USD184.621.745 (nilai penuh) (2008: USD182.844.371) (nilai penuh) dan piutang lain-lain atas penyerahan LSWR (*Delayed Payment Notes/*DPN) sebesar USD201.493.623 (nilai penuh) (2008: USD101.493.623) (nilai penuh). Perusahaan sedang melakukan negosiasi untuk restrukturisasi terhadap piutang Senipah dan upaya-upaya untuk menagih hak Perseroan atas transaksi DPN yang meliputi beberapa alternatif penyelesaian. Pada tanggal 26 Maret 2010, Perusahaan mengajukan klaim atas piutang yang berkaitan dengan DPN ke Badan Arbitrase Nasional Indonesia (BANI) sesuai dengan TPPI *Direct Agreement* dan *Product Delivery Instruments* (PDI) *Implementation Agreement* sehubungan dengan terjadinya *dispute* atas *Notice of Actionable Default* (NoAD) yang diterbitkan oleh Perusahaan ke TPPI karena TPPI gagal memenuhi kewajiban atas DPN yang jatuh tempo.

46. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE (continued)

c. Extraordinary Shareholder's General Meetings (ESMs) (continued)

II. ESM for the year 2008

On August 18, 2010, the Company held an ESM for the year 2008. Based on the minutes of meeting, the shareholder approved, among others, the following actions:

i. Utilization of net income for 2008 of the Company amounting to Rp19,771,113:
   - *Distribution of a dividend of Rp16,093,000.*
   - *Allocation of Rp138,473 to a Partnership Aid Program Fund.*
   - *Allocation of Rp3,539,640 to a general reserve consisting of a compulsory reserve of Rp988,556 and to other reserves of Rp2,551,084.*
   - *Allocation of the tantiem (bonus) amount for the members of the Boards of Directors and Commissioners.*

d. Receivables from PT Trans Pacific Petrochemical Indotama (TPPI)

The Company's receivables from TPPI as of December 31, 2009 amounting to US$386,115,368 (full amount) (2008: US$284,337,994) (full amount), consisting of trade receivables from sales of Senipah condensate amounting to US$184,621,745 (full amount) (2008: US$182,844,371) (full amount), and other receivables from LSWR delivery (Delayed Payment Notes/DPNs) of US$201,493,623 (full amount) (2008: US$101,493,623) (full amount).The Company is currently negotiating a restructuring of Senipah receivables and is exerting efforts to collect its receivables in the form of DPNs which cover several settlement alternatives. On March 26, 2010, the Company filed a claim involving the DPNs with the Indonesian National Board of Arbitration (BANI) in accordance with the TPPI Direct Agreement and Product Delivery Instruments (PDIs) Implementation Agreement in relation to the dispute arising from the Company's issuance of a Notice of Actionable Default (NoAD) to TPPI as a consequence of TPPI's failure to settle the DPNs on the maturity dates.

46. PERISTIWA PENTING SETELAH TANGGAL NERACA (lanjutan)

46. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE (continued)

e. Pergantian Direksi dan Dewan Komisaris

e. Changes in Directors and Board of Commissioners

Berdasarkan Keputusan Menteri Badan Usaha Milik Negara selaku Rapat Umum Pemegang Saham Perusahaan, pada tanggal 1 Maret 2010, telah menyetujui susunan Direksi Perusahaan menjadi sebagai berikut:

Based on the Decree of the Minister of State-Owned Enterprises in lieu of a General Meeting of Shareholders of the Company, on March 1, 2010, the composition of the Board of Directors of the Company has been approved as follows:

Direktur Utama	Galaila Karen Kardinah (Karen Agustiawan)	*President Director*
Direktur Umum	Waluyo	*General Affairs Director*
Direktur Hulu	Bagus Setiardja	*Upstream Activities Director*
Direktur Pengolahan	Edi Setianto	*Processing Activities Director*
Direktur Pemasaran dan Niaga	Muhamad Djailani Sutomo	*Marketing and Trading Director*
Direktur Keuangan	Mohamad Afdal Bahaudin	*Finance Director*
Direktur Perencanaan Investasi dan Manajemen Risiko	Ferederick S.T. Siahaan	*Investment and Risk Management Director*
Direktur Sumber Daya Manusia	Rukmi Hadihartini	*Human Resources Director*

Berdasarkan Keputusan Menteri Badan Usaha Milik Negara selaku Rapat Umum Pemegang Saham Perusahaan, pada tanggal 17 Mei 2010, telah menyetujui susunan Dewan Komisaris Perusahaan menjadi sebagai berikut:

Based on the Decree of the Minister of State-Owned Enterprises in lieu of a General Meeting of Shareholders of the Company, on May 17, 2010, the composition of the Board of Commissioners of the Company has been approved as follows.

Komisaris Utama	Sugiharto	*President Commissioner*
Wakil Komisaris Utama	Umar Said	*Vice President Commissioner*
Komisaris	Evita Herawati Legowo	*Commissioner*
Komisaris	Anny Ratnawati	*Commissioner*
Komisaris	Triharyo Indrawan Soesilo	*Commissioner*
Komisaris	Nurdin Zainal	*Commissioner*
Komisaris	Luluk Sumiarso	*Commissioner*

47. REVISI PERNYATAAN STANDAR AKUNTANSI KEUANGAN

Revisi atas PSAK tertentu yang telah dikeluarkan oleh Ikatan Akuntan Indonesia, tetapi akan berlaku efektif setelah tanggal 31 Desember 2009 dirangkum di bawah ini:

Efektif berlaku pada atau setelah tanggal 1 Januari 2010:

i. PSAK No. 26 (Revisi 2008), "Biaya Pinjaman", mengatur biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi, atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut.

ii. PSAK No. 50 (Revisi 2006), "Instrumen Keuangan: Penyajian dan Pengungkapan", berisi persyaratan penyajian dari instrumen keuangan dan pengidentifikasian informasi yang harus diungkapkan.

iii. PSAK No. 55 (Revisi 2006), "Instrumen Keuangan: Pengakuan dan Pengukuran", mengatur prinsip-prinsip dasar pengakuan dan pengukuran aset keuangan, kewajiban keuangan, dan kontrak pembelian dan penjualan item non-keuangan.

Efektif berlaku pada atau setelah tanggal 1 Januari 2011:

iv. PSAK No. 1 (Revisi 2009), "Penyajian Laporan Keuangan", mengatur dasar-dasar bagi penyajian laporan keuangan bertujuan umum *(general purpose financial statements)* agar dapat dibandingkan baik dengan laporan keuangan periode sebelumnya maupun dengan laporan keuangan entitas lain.

v. PSAK No. 2 (Revisi 2009), "Laporan Arus Kas", memberikan pengaturan atas tambahan informasi mengenai perubahan historis dalam kas dan setara kas melalui laporan arus kas yang mengklasifikasikan arus kas berdasarkan aktivitas operasi, investasi, maupun pendanaan.

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The revisions to certain PSAKs which have been issued by the Indonesian Institute of Accountants, but will be effective after December 31, 2009 are summarized below:

Effective on or after January 1, 2010:

i. PSAK No. 26 (Revised 2008), "Borrowing Costs", prescribes that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.

ii. PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", contains the requirements for the presentation of financial instruments and identifies the information to be disclosed.

iii. PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", establishes the principles for recognizing and measuring financial assets, financial liabilities, and contracts to buy or sell non-financial items.

Effective on or after January 1, 2011:

iv. PSAK No. 1 (Revised 2009), "Presentation of Financial Statements", prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

v. PSAK No. 2 (Revised 2009), "Statement of Cash Flows", requires the provision of additional information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

47. REVISI PERNYATAAN STANDAR AKUNTANSI KEUANGAN (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2011 (lanjutan):

vi. PSAK No. 4 (Revisi 2009), "Laporan Keuangan Konsolidasian dan Laporan Keuangan Tersendiri", akan diterapkan dalam penyusunan dan penyajian laporan keuangan konsolidasian untuk sekelompok entitas yang berada dalam pengendalian suatu entitas induk dan dalam akuntansi untuk investasi pada entitas anak, pengendalian bersama entitas, dan entitas asosiasi ketika laporan keuangan tersendiri disajikan sebagai informasi tambahan.

vii. PSAK No. 5 (Revisi 2009), "Segmen Operasi", mengatur pengungkapan informasi segmen untuk memungkinkan pengguna laporan keuangan untuk mengevaluasi sifat dan dampak keuangan dari aktivitas bisnis yang mana entitas terlibat dan lingkungan ekonomi dimana entitas beroperasi.

viii. PSAK No. 7 (Revisi 2010), "Pengungkapan Pihak-pihak Berelasi", mensyaratkan pengungkapan hubungan, transaksi dan saldo pihak-pihak yang berelasi, termasuk komitmen, dalam laporan keuangan konsolidasian dan laporan keuangan tersendiri entitas induk, dan juga diterapkan terhadap laporan keuangan secara individual. Penerapan dini diperkenankan.

ix. PSAK No. 12 (Revisi 2009), "Bagian Partisipasi dalam Ventura Bersama", akan diterapkan untuk akuntansi bagian partisipasi dalam ventura bersama dan pelaporan aset, kewajiban, penghasilan dan beban ventura bersama dalam laporan keuangan *venturer* dan investor, terlepas dari struktur atau bentuk yang mendasari dilakukannya aktivitas ventura bersama.

x. PSAK No. 15 (Revisi 2009), "Investasi Pada Entitas Asosiasi", akan diterapkan untuk akuntansi investasi dalam perusahaan asosiasi. PSAK revisi ini menggantikan PSAK No. 15 (1994), "Akuntansi untuk Investasi Dalam Perusahaan Asosiasi" dan PSAK No. 40 (1997), "Akuntansi Perubahan Ekuitas Anak Perusahaan/ Perusahaan Asosiasi".

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)

Effective on or after January 1, 2011 (continued):

vi. PSAK No. 4 (Revised 2009), "Consolidated and Separate Financial Statements", shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and in accounting for investments in subsidiaries, jointly controlled entities and associates when separate financial statements are presented as additional information.

vii. PSAK No. 5 (Revised 2009), "Operating Segments", provides that segment information is to be disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environment in which it operates.

viii. PSAK No. 7 (Revised 2010), "Related Party Disclosures", requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, and also applies to individual financial statements.

ix. PSAK No. 12 (Revised 2009), "Interests in Joint Ventures", shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place.

x. PSAK No. 15 (Revised 2009), "Investments in Associates", shall be applied in accounting for investments in associates. This revised PSAK supersedes PSAK No. 15 (1994), "Accounting for Investments in Associates", and PSAK No. 40 (1997), "Accounting for Changes in Equity of Subsidiaries/Associates".

47. REVISI PERNYATAAN STANDAR AKUNTANSI KEUANGAN (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2011 (lanjutan):

xi. PSAK No. 19 (Revisi 2010), "Aset Tidak Berwujud", menentukan perlakuan akuntansi bagi aset tidak berwujud yang tidak diatur secara khusus dalam PSAK lain. Mensyaratkan untuk mengakui aset tidak berwujud jika, dan hanya jika, kriteria tertentu dipenuhi, dan juga mengatur cara mengukur jumlah tercatat dari aset tidak berwujud dan pengungkapan yang berhubungan.

xii. PSAK No. 22 (Revisi 2010), "Kombinasi Bisnis", diterapkan untuk transaksi atau peristiwa lain yang memenuhi definisi kombinasi bisnis guna meningkatkan relevansi, keandalan, dan daya banding informasi yang disampaikan entitas pelapor dalam laporan keuangannya tentang kombinasi bisnis dan dampaknya

xiii. PSAK No. 23 (Revisi 2010), "Pendapatan", mengidentifikasikan keadaan saat kriteria mengenai pengakuan pendapatan akan terpenuhi, sehingga pendapatan akan diakui. Mengatur perlakuan akuntansi atas pendapatan yang timbul dari transaksi dan kejadian tertentu. Memberikan panduan praktis dalam penerapan kriteria mengenai pengakuan pendapatan.

xiv. PSAK No. 25 (Revisi 2009), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan", mengatur kriteria untuk pemilihan dan perubahan kebijakan akuntansi, bersama dengan perlakuan akuntansi dan pengungkapan atas perubahan kebijakan akuntansi, perubahan estimasi akuntansi, dan koreksi kesalahan.

xv. PSAK No. 48 (Revisi 2009), "Penurunan Nilai Aset", mengatur prosedur-prosedur yang diterapkan agar aset dicatat tidak melebihi jumlah terpulihkan dan jika aset tersebut terjadi penurunan nilai, rugi penurunan nilai harus diakui.

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)

Effective on or after January 1, 2011 (continued):

xi. PSAK No. 19 (Revised 2010), "Intangible Assets", prescribes the accounting treatment for intangible assets that are not dealt with specifically in another PSAK. Prescribes the recognition of an intangible asset if, and only if, the specified criteria are met, and also specifies how to measure the carrying amount of intangible assets and related disclosures.

xii. PSAK No. 22 (Revised 2010), "Business Combinations", applies to a transaction or other event that meets the definition of a business combination to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects.

xiii. PSAK No. 23 (Revised 2010), "Revenue", identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue will be recognized, prescribes the accounting treatment of revenue arising from certain types of transactions and events, and provides practical guidance on the application of the criteria on revenue recognition.

xiv. PSAK No. 25 (Revised 2009), "Accounting Policies, Changes in Accounting Estimates and Errors", prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

xv. PSAK No. 48 (Revised 2009), "Impairment of Assets", prescribes the procedures to be applied to ensure that assets are carried at no more than their recoverable amount and if the assets are impaired, that an impairment loss should be recognized.

47. REVISI PERNYATAAN STANDAR AKUNTANSI KEUANGAN (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2011 (lanjutan):

xvi. PSAK No. 57 (Revisi 2009), “Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi”, bertujuan untuk mengatur pengakuan dan pengukuran kewajiban diestimasi, kewajiban kontinjensi dan aset kontinjensi serta untuk memastikan informasi memadai telah diungkapkan dalam catatan atas laporan keuangan untuk memungkinkan para pengguna memahami sifat, waktu, dan jumlah yang termasuk dalam informasi tersebut.

xvii. PSAK No. 58 (Revisi 2009), “Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan”, mengatur akuntansi untuk aset yang dimiliki untuk dijual, serta penyajian dan pengungkapan operasi dihentikan.

xviii. ISAK No. 7 (Revisi 2009), “Konsolidasi Entitas Bertujuan Khusus (EBK)”, menentukan pengkonsolidasian EBK jika substansi hubungan antara suatu entitas dan EBK mengindikasikan adanya pengendalian EBK oleh entitas tersebut.

xix. ISAK No. 9, “Perubahan atas Liabilitas Purna Operasi, Liabilitas Restorasi, dan Liabilitas Serupa”, diterapkan terhadap setiap perubahan pengukuran atas aktivitas purna-operasi, restorasi atau kewajiban yang serupa yaitu diakui sebagai bagian dari biaya perolehan aset tetap sesuai PSAK No. 16 dan sebagai kewajiban sesuai PSAK No. 57.

xx. ISAK No. 10, “Program Loyalitas Pelanggan”, berlaku untuk penghargaan kredit loyalitas pelanggan yang diberikan kepada pelanggan sebagai bagian dari transaksi penjualan, dan tergantung pemenuhan atas setiap kondisi lebih lanjut yang dipersyaratkan, pelanggan dapat menukar barang atau jasa secara gratis atau dengan potongan harga dimasa yang akan datang.

xxi. ISAK No. 11, “Distribusi Aset Nonkas Kepada Pemilik”, diterapkan untuk distribusi searah (*nonreciprocal*) aset oleh entitas kepada pemilik dalam kapasitasnya sebagai pemilik, seperti distribusi aset nonkas dan distribusi yang memberikan pilihan kepada pemilik untuk menerima aset nonkas atau alternatif kas.

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)

Effective on or after January 1, 2011 (continued):

xvi. PSAK No. 57 (Revised 2009), “Provisions, Contingent Liabilities and Contingent Assets”, aims to provide that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to financial statements to enable users to understand the nature, timing and amounts involving such information.

xvii. PSAK No. 58 (Revised 2009), “Non-Current Assets Held for Sale and Discontinued Operations”, specifies the accounting for assets held for sale, and the presentation and disclosure of discontinued operations.

xviii. ISAK No. 7 (Revised 2009), “Consolidation-Special Purpose Entities (SPE)”, provides for the consolidation of SPEs when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.

xix. ISAK No. 9, “Changes in Existing Decommissioning, Restoration and Similar Liabilities”, applies to changes in the measurement of any existing decommissioning, restoration or similar liability recognised as part of the cost of an item of property, plant and equipment in accordance with PSAK No. 16 and as a liability in accordance with PSAK No. 57.

xx. ISAK No. 10, “Customer Loyalty Programmes”, applies to customer loyalty award credits granted to customers as part of a sales transaction, and subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

xxi. ISAK No. 11, “Distributions of Non-Cash Assets to Owners”, applies to types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners, i.e., distributions of non-cash assets and distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

47. REVISI PERNYATAAN STANDAR AKUNTANSI KEUANGAN (lanjutan)

Efektif berlaku pada atau setelah tanggal 1 Januari 2011 (lanjutan):

xxii. ISAK No. 12, "Pengendalian Bersama Entitas (PBE): Kontribusi Nonmoneter oleh Venturer", berkaitan dengan akuntansi venture untuk kontribusi nonmoneter ke PBE dalam pertukaran dengan bagian partisipasi ekuitas PBE yang dicatat baik dengan metode ekuitas atau konsolidasi proporsional.

xxiii. ISAK No. 14, "Aset Tidak Berwujud - Biaya Situs Web", yang muncul dari pengembangan dan digunakan untuk akses internal maupun eksternal merupakan aset tidak berwujud yang dihasilkan secara internal, dan setiap pengeluaran internal atas pengembangan dan pengoperasian situs web akan dicatat sesuai dengan PSAK No. 19 (Revisi 2010).

Efektif berlaku pada atau setelah tanggal 1 Januari 2012

xxiv. PSAK No. 10 (Revisi 2010), "Pengaruh Perubahan Kurs Valuta Asing", menjelaskan bagaimana memasukkan transaksi-transaksi dalam mata uang asing dan kegiatan usaha luar negeri ke dalam laporan keuangan suatu entitas dan menjabarkan laporan keuangan ke dalam suatu mata uang pelaporan.

xxv. ISAK No. 13, "Lindung Nilai Investasi Neto Dalam Kegiatan Usaha Luar Negeri", diterapkan terhadap entitas yang melakukan lindung nilai atas risiko mata uang asing yang timbul dari investasi netonya di dalam kegiatan usaha luar negeri dan berharap dapat memenuhi persyaratan akuntansi lindung nilai sesuai PSAK No. 55 (Revisi 2006). Mengacu pada entitas induk dan laporan keuangan dimana aset neto dari kegiatan usaha luar negeri dimasukkan sebagai laporan keuangan konsolidasian.

Perusahaan dan Anak Perusahaan sedang mengevaluasi dampak dari PSAK/ISAK Revisi tersebut dan belum menentukan dampaknya terhadap laporan keuangan konsolidasian.

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)

Effective on or after January 1, 2011 (continued):

xxii. ISAK No. 12, "Jointly Controlled Entities (JCE): Non-Monetary Contributions by Venturers", deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an equity interest in the JCE accounted for using either the equity method or proportionate consolidation.

xxiii. ISAK No. 14, "Intangible Assets-Web Site Costs", prescribes that web sites arising from development for internal or external access are internally generated intangible assets, and any internal expenditure on the development and operation of the web sites shall be accounted for in accordance with PSAK No. 19 (Revised 2010).

Effective on or after January 1, 2012

xxiv. PSAK No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates", prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into the presentation currency.

xxv. ISAK No. 13, "Hedges of Net Investment in a Foreign Operation", applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with PSAK No. 55 (Revised 2006) and refers to the parent entity and to the financial statements in which the net assets of foreign operations are included in the consolidated financial statements.

The Company and Subsidiaries are presently evaluating these revised PSAKs/ISAKs and have not determined the effects on the consolidated financial statements.

(Expressed in millions of Rupiah, unless otherwise stated)

48. REKLASIFIKASI LAPORAN KEUANGAN KONSOLIDASIAN PERIODE 2008

Akun-akun tertentu pada laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2008 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan konsolidasian di tahun 2009. Reklasifikasi tersebut adalah sebagai berikut:

48. RECLASSIFICATION OF THE 2008 CONSOLIDATED FINANCIAL STATEMENTS

Certain accounts in the December 31, 2008 consolidated financial statements have been reclassified in order to conform with the 2009 consolidated financial statements presentation. These reclassifications are as follows:

	Saldo Sebelum Reklasifikasi/ *Balance Before Reclassification*	Reklasifikasi/ *Reclassification*	Saldo Setelah Reklasifikasi/ *Balance After Reclassification*	
ASET				***ASSETS***
ASET LANCAR				***CURRENT ASSETS***
Piutang dari Pemerintah - bagian lancar	15.585.396	(1.715.068)	13.870.328	*Due from the Government - current portion*
Piutang lain-lain - pihak ketiga	1.971.725	(24.475)	1.947.250	*Other receivables - third parties*
Pajak dibayar di muka	974.341	(53.491)	920.850	*Prepaid taxes*
ASET TIDAK LANCAR				***NON-CURRENT ASSETS***
Aset pajak tangguhan - bersih	7.440.614	779.297	8.219.911	*Deferred tax assets - net*
Aset tetap - bersih	56.284.845	192.456	56.477.301	*Fixed assets - net*
Aset lain lain - bersih	16.594.426	(114.490)	16.479.936	*Other assets - net*
KEWAJIBAN DAN EKUITAS				***LIABILITIES AND EQUITY***
KEWAJIBAN JANGKA PENDEK				***CURRENT LIABILITIES***
Hutang kepada Pemerintah yang jatuh tempo dalam satu tahun	38.039.162	(1.715.068)	36.324.094	*Due to the Government - current portion*
Hutang lain-lain - pihak ketiga	6.468.944	(2.008.054)	4.460.890	*Other payables - third parties*
KEWAJIBAN JANGKA PANJANG				***NON-CURRENT LIABILITIES***
Kewajiban pajak tangguhan - bersih	1.669.245	779.297	2.448.542	*Deferred tax liabilities - net*
Kewajiban biaya restorasi dan reklamasi lingkungan hidup	6.380.597	142.773	6.523.370	*Provision for environmental restoration and reclamation costs*
Pendapatan tangguhan	11.473.382	1.865.281	13.338.663	*Deferred revenue*
Penjualan dan Pendapatan Usaha Lainnya:				***Sales and Other Operating Revenues:***
Penjualan dalam negeri minyak mentah, gas bumi, energi panas bumi, dan hasil minyak	370.893.730	2.878.824	373.772.554	*Domestic sales of crude oil, natural gas, geothermal energy and oil products*
Pendapatan usaha dari aktivitas operasi lainnya	6.526.151	(2.878.824)	3.647.327	*Revenues in relation to other operating activities*
Beban Produksi dan Beban Usaha:				***Production and Operating Expenses:***
Pembelian minyak mentah, gas bumi, energi panas bumi, dan hasil minyak	468.108.940	(468.108.940)	-	*Purchase of crude oil, natural gas, geothermal energy and oil products*
Beban produksi	12.843.459	(12.843.459)	-	*Production expenses*
Beban pengolahan	6.399.486	(6.399.486)	-	*Processing expenses*
Beban distribusi	13.258.920	(13.258.920)	-	*Distribution expenses*
Beban perkapalan	5.337.062	(5.337.062)	-	*Shipping expenses*
Beban penyusutan, deplesi dan amortisasi	7.216.018	(7.216.018)	-	*Depreciation, depletion and amortization expense*

(Expressed in millions of Rupiah, unless otherwise stated)

48. REKLASIFIKASI LAPORAN KEUANGAN KONSOLIDASIAN TAHUN 2008 (lanjutan)

48. RECLASSIFICATION OF THE 2008 CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Saldo Sebelum Reklasifikasi/ ***Balance Before Reclassification***	**Reklasifikasi/** ***Reclassification***	**Saldo Setelah Reklasifikasi/** ***Balance After Reclassification***	
Beban Pokok Penjualan Dan Biaya Langsung Lainnya				***Cost of Sales And Other Direct Costs***
Beban pokok penjualan	-	485.593.049	485.593.049	*Cost of goods sold*
Beban produksi hulu dan *liftings*	-	13.224.810	13.224.810	*Upstream production and lifting costs*
Beban dari aktivitas operasi lainnya	3.712.690	(1.019.737)	2.692.953	*Expenses in relation to other operating activities*
Beban Usaha:				***Operating Expenses:***
Beban penjualan dan pemasaran	-	12.685.863	12.685.863	*Selling and marketing expenses*
Beban umum dan administrasi	7.602.031	2.666.411	10.268.442	*General and administration expenses*
Pendapatan/(Beban) Lain-lain:				***Other Income/(Expenses):***
Beban bunga - bersih	(1.491.104)	(13.489)	(1.504.593)	*Interest expense - net*

49. PENYELESAIAN LAPORAN KEUANGAN KONSOLIDASIAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan konsolidasian yang diselesaikan pada tanggal 16 November 2010.

49. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these consolidated financial statements which were completed on November 16, 2010.

PT PERTAMINA (PERSERO) DAN ANAK PERUSAHAAN
INFORMASI TAMBAHAN
Tahun Yang Berakhir Pada Tanggal-tanggal 31 Desember 2009 dan 2008
(TIDAK DIAUDIT)

PT PERTAMINA (PERSERO) AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
Years Ended December 31, 2009 and 2008
(UNAUDITED)

ESTIMASI CADANGAN MINYAK DAN GAS BUMI (TIDAK DIAUDIT)

PT Pertamina EP (PT EP), Anak Perusahaan PHE dan PT Pertamina EP Cepu (PEPC) tidak mempunyai hak kepemilikan atas cadangan minyak dan gas, tetapi mempunyai hak untuk menerima hasil produksi dan/atau pendapatan dari penjualan minyak dan gas sesuai dengan KKS PT EP dan KKS Anak Perusahaan PHE dan KKS PEPC.

Jumlah cadangan terbukti (*proved*) hanya merupakan taksiran, dan tidak dimaksudkan untuk menggambarkan nilai yang dapat direalisasikan atau nilai wajar dari cadangan PT EP, Anak Perusahaan dari PHE dan PEPC. Taksiran ini dapat berubah bila tersedia informasi baru di kemudian hari. Terdapat berbagai ketidakpastian bawaan dalam mengestimasi cadangan minyak mentah dan gas, termasuk faktor-faktor yang berada di luar kendali PT EP, Anak Perusahaan PT PHE dan PEPC.

Manajemen berkeyakinan bahwa estimasi kuantitas cadangan kotor di bawah ini merupakan taksiran yang wajar berdasarkan data geologi dan teknik yang tersedia:

ESTIMATED CRUDE OIL AND NATURAL GAS RESERVES (UNAUDITED)

PT Pertamina EP (PT EP), PHE's Subsidiaries and PT Pertamina EP Cepu (PEPC) have no ownership interests in the oil and gas reserves, but rather have the right to receive production and/or revenues from the sales of oil and gas in accordance with PT EP's PSC and PHE's Subsidiaries' PSCs and PEPC's PSC.

The quantity of proved reserves is only an estimation, and is not intended to illustrate the realizable value or fair value of PT EP's, PHE's Subsidiaries' and PEPC's reserves. This estimation is subject to changes whenever new information is available in the future. There are many inherent uncertainties in estimating crude oil and gas reserves, including factors beyond PT EP's, PHE's Subsidiaries' and PEPC's control.

Management believes that the estimated gross reserves quantities as stated below are reasonable based on available geological and technical data:

Wilayah Kerja/*Working Area*	Saldo 31 Desember 2007/*Balance December 31, 2007*	Penyesuaian/ *Adjustments*	Produksi/ *Production*	Saldo 31 Desember 2008/*Balance December 31, 2008*	Penyesuaian/ *Adjustments*	Produksi/ *Production*	Saldo 31 Desember 2009/*Balance December 31, 2009*
Sumatera							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	365.627	(3.318)	(5.808)	356.501	13.487	(4.777)	365.211
- Gas bumi /*Natural gas* (MBOE)	768.349	156.700	(25.254)	899.795	45.402	(31.026)	914.171
Jawa/*Java*							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	280.829	13.940	(16.584)	278.185	9.091	(18.102)	269.174
- Gas bumi/*Natural gas* (MBOE)	466.652	(174.883)	(30.838)	260.931	3.966	(32.118)	232.779
Kalimantan							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	41.210	3.569	(1.437)	43.342	1.724	(1.589)	43.477
- Gas bumi/*Natural gas* (MBOE)	70.379	1.140	(364)	71.155	3.817	-	74.972
Papua							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	14.396	-	(337)	14.059	-	(382)	13.677
- Gas bumi/*Natural gas* (MBOE)	1.392	-	(142)	1.250	-	-	1.250
TAC							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	165.638	10.859	(9.842)	166.655	67.493	(15.709)	218.439
- Gas bumi/*Natural gas* (MBOE)	126.942	6.885	(4.907)	128.920	(7.890)	(5.977)	115.053
JOB-EOR							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	23.532	2.708	(560)	25.680	(25.680)*	-	-
- Gas bumi/*Natural gas* (MBOE)	3.391	12.454	(264)	15.581	(15.581)*	-	-
Unit Bisnis Eksplorasi dan Eksploitasi /*Exploration and Exploitation Business Units (UBEP)*							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	108.848	19.311	(9.068)	119.091	20.233*	(10.907)	128.417
- Gas bumi/*Natural gas* (MBOE)	5.187	-	(298)	4.889	23.807*	(471)	28.225

PT PERTAMINA (PERSERO) DAN ANAK PERUSAHAAN
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PT PERTAMINA (PERSERO) AND SUBSIDIARIES
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ESTIMASI CADANGAN MINYAK DAN GAS (TIDAK DIAUDIT) (lanjutan)

ESTIMATED CRUDE OIL AND NATURAL GAS RESERVES (UNAUDITED) (continued)

Wilayah kerja/*Working area*	Saldo 31 Desember 2007/*Balance December 31, 2007*	Penyesuaian/ *Adjustments*	Produksi/ *Production*	Saldo 31 Desember 2008/*Balance December 31, 2008*	Penyesuaian/ *Adjustments*	Produksi/ *Production*	Saldo akhir 31 Desember 2009/*Balance December 31, 2009*
JOB-PSC : (50%) ; PPI (50%)							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	144.614	(32.088)	(9.562)	102.964	2.879	(12.165)	93.678
- Gas bumi/*Natural gas* (MBOE)	654.197	(335.264)	(4.164)	314.769	87.481	(8.076)	394.174
IP (10%)							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	155.721	(14.368)	(19.208)	122.145	61.302	(26.310)	157.137
- Gas bumi/*Natural gas* (MBOE)	1.203.183	(124.896)	(66.443)	1.011.844	249.507	(79.382)	1.181.969
Badan Operasi Bersama (BOB)							
- Minyak dan kondensat/*Oil and condensate* (MBBls)	115.028	(10.581)	(7.744)	96.703	(17.699)	(7.253)	71.751
Cepu							
- Minyak dan kondensat/*Oil and condensate* (MBOE)	216.515	-	-	216.515	484	(1.207)	215.792
Jumlah minyak dan kondensat/*Total oil and condensate* (MBBls)	**1.631.958**	**(9.968)**	**(80.150)**	**1.541.840**	**133.314**	**(98.401)**	**1.576.753**
Jumlah gas bumi/*Total natural gas* (MBOE)	**3.299.672**	**(457.864)**	**(132.674)**	**2.709.134**	**390.509**	**(157.050)**	**2.942.593**

* Seperti dijelaskan didalam Catatan 3b, kontrak JOB-EOR antara Perusahaan dan PT Lekom Maras berakhir. Perusahaan melakukan reklasifikasi saldo estimasi Cadangan minyak dan gas bumi JOB-EOR masing-masing sebesar 17.850 MBOE dan 15.581 MBOE ke UBEP.

* *As discussed in Note 3b, the JOB-EOR contract between the Company and PT Lekom Maras was terminated in 2009. The Company reclassified the JOB-EOR's estimated crude oil and gas reserves of 17,850 MBOE and 15,581 MBOE, respectively, to UBEP.*

Estimasi volume cadangan dan produksi gas dikonversikan dari MMSCF *(Millions of Standard Cubic Feet)* ke MBOE *(Thousands of Barrels of Oil Equivalent)* dengan menggunakan rate konversi: 1 MMSCF = 0,1726 MBOE.

The estimated gas reserve balances and production are converted from MMSCF (Millions of Standard Cubic Feet) to MBOE (Thousands of Barrels of Oil Equivalent) by applying the following conversion rate: 1 MMSCF = 0.1726 MBOE.

Penyesuaian pada cadangan merupakan penilaian kembali atas beberapa struktur pada awal tahun, berdasarkan hasil penilaian cadangan oleh Lembaga Minyak dan Gas (Lemigas), Lembaga Afiliasi Penelitian dan Industri Institut Teknologi Bandung (LAPI-ITB) selaku lembaga resmi yang ditunjuk oleh PT Pertamina EP dan dengan persetujuan BPMIGAS, serta penilaian kembali atas cadangan yang dibuat oleh PT Pertamina EP. Cadangan Anak Perusahaan PHE berdasarkan pada laporan keuangan kuartalan (FQR) yang disampaikan oleh Operator kepada BPMIGAS.

Adjustments to reserves involve reassessment of reserves in certain structures at the beginning of the year, based on reserve certifications issued by the Oil and Gas Research Body (Lemigas), the Foundation for Research and Industrial Affiliation, Bandung Institute of Technology (LAPI-ITB) as the official reserves certifiers appointed by PT Pertamina EP with the approval of BPMIGAS, and reassessments of reserves prepared by PT Pertamina EP. PHE's Subsidiaries' reserves are based on financial quarterly reports (FQRs) submitted by the Operators to BPMIGAS.

ISSUER

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INDEPENDENT PUBLIC ACCOUNTANTS

With respect to our consolidated financial statements as of and for the year ended December 31, 2009 (prior to restatement and reclassification adjustments)

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With respect to our consolidated financial statements as of and for the years ended December 31, 2010 and 2011:

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TRUSTEE

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PT PERTAMINA (PERSERO)

(a state-owned company incorporated in the Republic of Indonesia with limited liability)

US$1,250,000,000 4.875% Senior Notes due 2022

Issue Price: 99.414%

US$1,250,000,000 6.0% Senior Notes due 2042

Issue Price: 98.631%

OFFERING MEMORANDUM

Joint Bookrunners and Joint Lead Managers

Barclays	Citigroup	HSBC

Co-Managers

Bahana Securities	Danareksa Sekuritas	Mandiri Sekuritas

April 26, 2012