

Jakarta, 6 March 2020

Number : 009/TAE-IDX/III/2020  
Attachment(s) : -  
Subject : Response to IDX Queries: Clarification on the Implication of Effectively Adopting the Indonesia Financial Accounting Standards (PSAK) 71, 72, and 73 Year 2020 on the Company's Financial Statements

To:

**PT Bursa Efek Indonesia (Indonesia Stock Exchange)**

Gedung Bursa Efek Indonesia, Tower 1

Jl. Jend. Sudirman Kav. 52-53

Jakarta 12190

Dear Sir/Madam,

We refer to the Letter from the Indonesia Stock Exchange Number S-01457/BEI.PPU/03-2020 dated 3 March 2020 on Request for Clarification on the Implication of Effectively Adopting the Indonesia Financial Accounting Standards (*Pedoman Standar Akuntansi Keuangan*, PSAK) 71, 72, and 73 Year 2020 on the Company's Financial Statement. We wish to provide the following clarification:

1. Effects of adopting the PSAK 71, 72, and 73 on the Company's financial performance in its sales and profit/loss accounts, particularly for the financial reporting period ending on 31 March 2020:
  - a. Is the Company going to book an operating loss and/or net loss by adopting the PSAK 71, 72, and 73? Please explain.  
Answer: No. Adopting the PSAK 71, 72, and 73 only affects items on the Company's balance sheet where the amount is not material.
  - b. In relation to PSAK 72, does the Company have any revenue from contracts where the term is more than one year? If "yes," does adoption of the PSAK cause the Company to not be able to recognise revenue from such contracts? Please explain.  
Answer: No. While the Company has entered into contracts where the term is more than 1 year, the Company will not be affected by the PSAK 72 because it has recognised revenue from contracts over time, as outlined in such contracts.
  - c. In relation to PSAK 73, does the Company have any leases that will cause the Company's leased assets to be recorded as right-of-use assets (*aset hak guna*)?  
Answer: Yes. Adopting the PSAK 73 will cause the Company's assets and liabilities to increase for transactions entered by the Company's indirect subsidiary in Australia. Nonetheless, it has no significant impact on the Company's financial position.

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2. The Company's measures to mitigate risks described in point (1) above.  
Answer: The Company has not prepared any particular risk mitigation measures because the adoption has no significant impact on the Company.
  
3. The Company's clarification on material information or other important events which may affect the Company's business sustainability and may affect the Company's share price.  
Answer: There are no important material information or other events which may affect the Company's business sustainability and may affect the Company's share price.

We thank you for your kind attention.

Sincerely yours,

**PT Terregra Asia Energy Tbk.**

**[signed]**

**Kho Sawilek**

Director

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