

Financial Statements of

**PT. Mundra Coal**

For the years ended 31 March 2016 and 2015

With Independent Auditors' report thereon

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**PT. Mundra Coal**

Graha Mustika Ratu Lt.3,  
Jl. Gatot Subroto Kav. 74-75 Jakarta Selatan, 12870  
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**BOARD OF DIRECTORS' STATEMENT**  
REGARDING  
THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEARS ENDED 31 MARCH 2016 AND 2015  
**PT. MUNDRA COAL**

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We, the undersigned :

- |                                      |   |   |
|--------------------------------------|---|---|
| 1. Name                              | : | Mr. Jayaraman Udaykumar   |
| Office address                       | : | Graha Mustika Ratu, Lantai 3, Jl. Jend Gatot Subroto, Kav 74-75<br>Jakarta Selatan  |
| Domicile address<br>based on ID Card | : | Taman Kemayoran Kondominium, Menara Eboni Lt 11/03<br>Jl. Haji Benyamin Sueb, Kelurahan Keban Kosong,<br>Kecamatan Kemayoran, Jakarta Pusat |
| Phone number                         | : | 021-8307406 / Fax 8307407   |
| Function                             | : | President Director  |

declare that :

- 1 We are responsible for the preparation and presentation of PT. Mundra Coal's financial statements;
- 2 PT. Mundra Coal's financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. All information in the PT. Mundra Coal's Financial Statements have been disclosed in a complete and truthful manner;  
b. PT. Mundra Coal's financial statements do not contain incorrect information nor materials fact, nor do they omit information or material facts;
4. We are responsible for PT. Mundra Coal's internal control systems.

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 21 April 2016



Jayaraman Udaykumar  
President Director



# Armen, Budiman & Rekan

Registered Public Accountants

Gedung Graha Seti, Lt. 1  
Jl. KH. Abdullah Syafe'i, Kav. A 20  
Gudang Peluru - Tebet  
Jakarta 12830

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E-mail : [auditaa@cbn.net.id](mailto:auditaa@cbn.net.id)

Operating license :  
KEP-3/KM.1/2008

No.: R. 021/WD/2016

## Independent Auditors' Report

**The Shareholders and The Board of Directors,  
PT. Mundra Coal**

We have audited the accompanying financial statements of **PT. Mundra Coal** ("The Company"), which comprise the statement of financial position as of 31 March 2016, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT. Mundra Coal** as of 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Jakarta, 21 April 2016



Drs. Wahyu Darmawan, CPA

License No. AP.0481

**PT. Mundra Coal**  
**Statements of Financial Position**

As of 31 March 2016 and 2015

*The Financial Statements are prepared in Rupiah*

	Notes	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	26.632.565	64.888.300
Loan and advances	4	693.701.371	563.701.371
		<b>720.333.936</b>	<b>628.589.671</b>
<b>Non current assets</b>			
Investments	5	-	-
Other non current assets	6	1.300.000.000	1.300.000.000
		<b>1.300.000.000</b>	<b>1.300.000.000</b>
Total assets		<b>2.020.333.936</b>	<b>1.928.589.671</b>
<b>Liabilities and Shareholders' equity</b>			
<b>Current liabilities</b>			
Tax payable	7b	13.075.546	12.771.220
Other creditors and accruals	8	23.400.000	22.850.000
Total current liabilities		<b>36.475.546</b>	<b>35.621.220</b>
<b>Shareholders' equity</b>			
Share capital :	9		
Authorized capital : 4.000 shares with par value of Rp. 500.000 per share.			
Issued and paid up capital : 3.000 shares		1.500.000.000	1.500.000.000
Retained earnings		483.858.390	392.968.451
Total shareholders' equity		<b>1.983.858.390</b>	<b>1.892.968.451</b>
Total liabilities and shareholders' equity		<b>2.020.333.936</b>	<b>1.928.589.671</b>

See the accompanying notes to the financial statements, which form an integral part of these financial statements.

**PT. Mundra Coal**  
**Statements of Comprehensive Income**

For the years ended 31 March 2016 and 2015

*The Financial Statements are prepared in Rupiah*

	Notes	2016	2015
Revenues		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Operating expenses			
General and administrative expenses	10	(25.100.000)	(20.350.000)
Operating profit		(25.100.000)	(20.350.000)
Other income / (expenses) - net	11	129.940.604	130.340.296
Net income / (loss) from investments in associated companies		-	-
Profit before income tax		104.840.604	109.990.296
Corporate income tax			
Current	7c	(13.950.665)	(13.646.339)
Previous year		-	-
Deferred		-	-
Net income		90.889.939	96.343.957
Other comprehensive income / (loss)		-	-
<b>Total comprehensive income</b>		<b>90.889.939</b>	<b>96.343.957</b>

See the accompanying notes to the financial statements, which form an integral part of these financial statements.

**PT. Mundra Coal**  
**Statements of Changes in Shareholders' Equity**

For the years ended 31 March 2016 and 2015

*The Financial Statements are prepared in Rupiah*

	Notes	2016	2015
<b>Share Capital</b>	9		
Beginning balance		1.500.000.000	1.500.000.000
Movement		-	-
<b>Ending balance</b>		<b>1.500.000.000</b>	<b>1.500.000.000</b>
<b>Retained earnings</b>			
Beginning balance		392.968.451	296.624.494
Net comprehensive income for the year		90.889.939	96.343.957
<b>Ending balance</b>		<b>483.858.390</b>	<b>392.968.451</b>
<b>Total equity</b>		<b>1.983.858.390</b>	<b>1.892.968.451</b>

See the accompanying notes to the financial statements, which form an integral part of these financial statements.

**PT. Mundra Coal**  
**Statements of Cash Flows**

For the years ended 31 March 2016 and 2015

*The Financial Statements are prepared in Rupiah*

	2016	2015
<b>Cash flows from operating activities</b>		
Net profit before income tax	104.840.604	109.990.296
Adjustments to reconcile profit before corporate income tax to net cash provided by operating activities:		
Changes in working capital		
Loan and advances	(130.000.000)	1.170.000.000
Prepaid tax	-	(9.957.555)
Other non current assets	-	(1.300.000.000)
Tax payable	(875.119)	9.957.555
Accrued expenses	550.000	-
	(25.484.515)	(20.009.704)
Corporate income tax paid during the year	(12.771.220)	(10.832.674)
<b>Net cash used for operating activities</b>	<b>(38.255.735)</b>	<b>(30.842.378)</b>
Decrease in cash and cash equivalents	(38.255.735)	(30.842.378)
Cash and cash equivalents - at the beginning of year	64.888.300	95.730.678
<b>Cash and cash equivalents - at the end of year</b>	<b>26.632.565</b>	<b>64.888.300</b>

See the accompanying notes to the financial statements, which form an integral part of these financial statements.

# PT. Mundra Coal

## Notes to the Financial Statements

*The Financial Statements are prepared in Rupiah*

### 1. General

PT. Mundra Coal ("the Company") was established under the notary deed No. 11 of Rohana Frieta, SH., public notary in Jakarta, dated 21 October 2008, and has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia in the letter No. : AHU-98305.AH.01.01.Tahun2008, dated 19 December 2008.

The Company's Article of Association has been amended under the notarial deed No. 2 of Rohana Frieta S.H., public notary in Jakarta, dated 1 April 2010, regarding the change of the Company's share holders. Approval from the Investment Coordinating Board (Badan Koordinasi Penanaman Modal - BKPM) of the Republic of Indonesia has been obtained under the letter No.220/V/PMA/2009.

The Company's Articles of Association has been amended several times and the latest changes was under the notarial deed no. 12 of Rohana Frieta S.H., public Notary in Jakarta, dated 23 August 2013, regarding the change of the Directors. The change in the Articles have been acknowledged by the Ministry of Justice and Human Rights of the Republic of Indonesia vide letter no. AHU-AH.01.10-41332, dated 9 October 2013.

According to the Articles of Association, the Company's scope of activities, among others, are as a trading company and others.

The Board of Commissioners and Directors are as follows:

	2016	2015
<b>Board of Commissioners:</b>		
President Commissioners	: Mr. Harsh Vardhan Mishra	Mr. Harsh Vardhan Mishra
Commissioner	: Mr. Vinay Prakash	Mr. Vinay Prakash
<b>Board of Directors:</b>		
President Director	: Mr. Uday Kumar Jayaraman	Mr. Uday Kumar Jayaraman
Director	: Mr. Jani Juvenil Ashwinkumar	Mr. Jani Juvenil Ashwinkumar

### 2. Summary of significant accounting policies

Set out below is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements.

#### a. Basis of financial statements preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Indonesia, except otherwise stated.

The statements of cash flows are prepared based on the indirect method by classifying cash flows arising from operating, investing and financing activities.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

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**2. Summary of Significant Accounting Policies - continued**

**b. Foreign currency transactions and balances**

The company maintains its accounting records in Rupiah currency. Transactions in currencies other than Rupiah are recorded at the prevailing rate of exchange in effect on the date of the transactions.

At balance sheet date, all monetary assets and liabilities denominated in foreign currency have been translated at the prevailing exchange rate at that date.

The principal rate of exchange used as of 31 March were as follows:

	2016	2015
USD. 1	13.276	11.404

Exchange gains or losses arising from foreign currency translations are recognized in the current year statements of profit and loss.

**c. Financial Assets**

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract which terms require delivery of the financial asset within the timeframe established by the market concerned. All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company's financial assets are classified as "Available-for-sale Financial Assets" and "Loans and Receivables".

**Available-for-sale financial assets (AFS)**

Listed equity shares held by the Company are classified as being AFS and are stated at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in equity is reclassified to profit or loss.

In case where fair value of unlisted equity shares cannot be determined reliably, the asset is carried at cost less impairment.

Dividends on AFS equity instruments, if any, are recognised in statements of comprehensive income when the Company's right to receive the dividends is established.

**Loans and receivables**

Receivables from customers and other non- derivative receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Loans and Receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

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**2. Summary of Significant Accounting Policies - continued**

**c. Financial Assets - continued**

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payment; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Loans and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment on loans and receivables is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

For AFS financial asset, the carrying amount of the investment is directly reduced by the impairment loss. For loans and receivables, its carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

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**2. Summary of significant accounting policies - continued**

**c. Financial Assets - continued**

**Derecognition of financial assets**

The Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

**d. Financial Liabilities and Equity Instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company and its subsidiaries are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company and its subsidiaries after deducting all of their liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Trade and other payables, bank and other borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings.

**Derecognition of financial liabilities**

The Company derecognise financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire.

**e. Netting of Financial Assets and Financial Liabilities**

The Company only offset financial assets and liabilities and present the net amount in the statement of financial position where they :

- currently have a legal enforceable right to set off the recognized amount, and
- intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

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**2. Summary of significant accounting policies - continued**

**f. Cash and cash equivalent**

Cash and cash equivalents consist of cash on hand and at banks, short term deposits with maturity not more than three months at the time of placement and bank overdraft, which are not pledged as collateral nor restricted to be used.

**g. Related parties**

Related party transaction is a transfer of resources or obligations between related party, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**h. Investment in shares**

Long-term investment in shares of associated companies with less than 20 % ownership are stated at the lower of cost or net realisable value.

Long-term investments in shares of associated companies, where the Company holds an interest of 20 % to 50 % of the total issued and paid up share of the associated companies, and does not exercise management control, are recorded at the acquisition cost, adjusted every year with the Company's share of the net income or loss of the associated companies. Cash dividends are recorded as a deduction to the value of the investments.

**i. Corporate income tax**

The income tax expense comprises current and deferred tax. Current tax expense is determined based on the taxable income for the year computed using the prevailing income tax rates.

Deferred income tax is recognised for the future tax consequences attributable to all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at reporting date and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal are determined.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

	2016	2015
<b>3. Cash and cash equivalents</b>		
Cash	-	-
Bank	26.632.565	64.888.300
	<u>26.632.565</u>	<u>64.888.300</u>

**4. Loan and advances**

Interest receivable	693.701.371	563.701.371
	<u>693.701.371</u>	<u>563.701.371</u>

Represents interest receivable on loan to PT. Hasta Mundra, see note 6.

**5. Investment**

Represents investment in the share capital of the following companies :

	% of ownership		
PT. Setara Jasa	25%	-	127.500.000
PT. Sumber Dana Usaha	25%	-	127.500.000
		-	255.000.000
Add/(Less):			
Profit / (Loss) on investment in associated companies		-	(255.000.000)
		<u>-</u>	<u>-</u>

**6. Non current assets**

Loan to PT. Hasta Mundra	1.300.000.000	1.300.000.000
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Represent loan for PT. Hasta Mundra, which were used for working capital and charged interest at 10 % (2015, at 10 %) per annum.

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

	2016	2015
<b>7. Taxes</b>		
<b>a. Tax payables</b>		
Corporate income tax - current year	13.075.546	12.771.220
	13.075.546	12.771.220
<b>b. Corporate income tax</b>		
Profit / (Loss) before corporate income tax	104.840.604	109.990.296
Permanent differences	(236.233)	(819.583)
Timing differences	-	-
Total fiscal adjustments	(236.233)	(819.583)
	104.604.371	109.170.713
Less : Carried forward tax losses	-	-
Estimated taxable income - broght forward	104.604.371	109.170.713
<b>Corporate income tax for the year - at 12,5% :</b>		
Current year	13.075.546	13.646.339
Deferred	-	-
	13.075.546	13.646.339
<b>c. Corporate income tax - payable</b>		
Beginning balance	12.771.220	9.957.555
Corporate income tax for the year	13.075.546	13.646.339
	25.846.766	23.603.894
Paid during the year		
Income tax previous year	(12.771.220)	(9.957.555)
Income tax current year	-	(875.119)
Corporate income tax payable	13.075.546	12.771.220
<b>8. Other creditors and accruals</b>		
Expenses payable	20.900.000	20.350.000
Other creditors	2.500.000	2.500.000
	23.400.000	22.850.000

**PT. Mundra Coal**  
**Notes to the Financial Statements - continued**

*The Financial Statements are prepared in Rupiah*

	2016	2.015
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**9. Share capital**

**Authorized shares capital**

4.000 shares with par value of Rp. 500.000 each	2.000.000.000	2.000.000.000
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**Issued and paid up capital**

3.000 shares has been issued and fully paid, as follows :

Name of Shareholders	Ownership			
	No. of shares	Percentage		
PT. Adani Global	2.980	99,3%	1.490.000.000	1.490.000.000
PT. Adani Global Coal Trading	20	0,7%	10.000.000	10.000.000
	3.000	100%	1.500.000.000	1.500.000.000

**10. General and administrative expenses**

Legal and professional fees	25.100.000	20.350.000
	25.100.000	20.350.000

**11. Other income / (expenses) - net**

Interest income	130.000.000	130.000.000
Interest income on current account	236.233	819.583
Bank charges	(295.629)	(479.287)
	129.940.604	130.340.296

**12. Transactions and balances with related parties**

	Related Parties			
<b>Transactions :</b>				
Interest income on loan	PT. Hasta Mundra	130.000.000	130.000.000	
<b>Balances :</b>				
Loan	PT. Hasta Mundra	1.300.000.000	1.300.000.000	
Interest receivable	PT. Hasta Mundra	693.701.371	563.701.371	
		1.993.701.371	1.863.701.371	