

PT MITRA NIAGA MULIA

Financial Statements

For the year ended

March 31, 2016

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INDEPENDENT AUDITORS' REPORT

Ref. : R-025/MNM-KPS/SYM03/IV/2016

**The Shareholders, Boards of Commissioners and Directors
PT Mitra Niaga Mulia**

We have audited the accompanying financial statements of PT Mitra Niaga Mulia (the Company)", which comprise the statement of financial position as of March 31, 2016, and the statements of profit or loss and other 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on such 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 the financial statements are free from material misstatement.

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

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

KANAKA PURADIREDJA, SUHARTONO

Public Accountants, Tax and Business Advisory Services

Opinion

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



Syamsudin 
NRAP. 0209

April 21, 2016

Ref. : R-025/MNM-KPS/SYM03/IV/2015



PT. MITRA NIAGA MULIA

Graha Mustika Ratu Lt. 3 Jl. Jend Gatot Subroto Kav. 74 - 75
Jakarta Selatan 12870
Phone : 62 - 21 8307406, 8307420, 8306558, 8306537
Fax : 62 - 21 8307407

BOARD OF DIRECTORS' STATEMENT

REGARDING

THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED 31 MARCH 2016 AND 2015

PT. MITRA NIAGA MULIA

We, the undersigned :

1. Name : Mr. Dani Daksinaputra
Office address : Graha Mustika Ratu, lantai 3, Jl. Jend.Gatot Subroto Kav. 74 - 75
Domicile address : Jl. Destarata 7 no. 10 – Tegal Gundil, Bogor Utara,
based on ID Card Kota Bogor 16152
Phone number : 021 - 8307406 / Fax 83007407 Kode Pos: 12870
Function : Director

declare that :

1. We are responsible for the preparation and presentation of PT. Mitra Niaga Mulia's financial statements;
2. PT. Mitra Niaga Mulia's financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. All information in the PT. Mitra Niaga Mulia's Financial Statements have been disclosed in a complete and truthful manner;
b. PT. Mitra Niaga Mulia'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. Mitra Niaga Mulia's internal control systems.

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 21 April 2016



Dani Daksinaputra

Director

PT MITRA NIAGA MULIA
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Notes	2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	3a, 3b, 4	1,899,011,951	373,634,126
Sundry debtors	3c, 5	459,880,507	-
Inventories	6	34,394,125,656	43,803,461,484
Prepaid and Advances	7	12,147,826,457	3,279,582,290
Total Current Assets		48,900,844,571	47,456,677,900
Non Current Assets			
Investment	3i.1(i), 9	100,000,000	100,000,000
Deposits	10	10,029,954,378	10,015,142,329
Deferred charges	3e, 11	141,926,313,244	153,883,476,848
Deferred tax assets	3k, 14c	31,454,008,257	43,209,354,234
Fixed assets - net	3f, 8	9,760,119,783	24,844,413,275
Total Non Current Assets		193,270,395,662	232,052,386,686
TOTAL ASSETS		242,171,240,233	279,509,064,587
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Sundry creditors	3h, 12	17,310,225,402	55,817,354,561
Provisions	13	71,318,119,876	6,046,440,643
Taxes payables	3k, 14a	238,908,900	1,076,571,915
Other payables	15	306,780,626,550	351,157,055,323
Total Current Liabilities		395,647,880,728	414,097,422,442
Non Current Liabilities			
Unsecured loans	16	3,095,832,691	8,831,858,291
Provision for retirement benefits	17	1,974,034,818	2,397,540,303
Total Non Current Liabilities		5,069,867,509	11,229,398,594
TOTAL LIABILITIES		400,717,748,237	425,326,821,036
EQUITY			
Authorized capital - 2,000 shares Rp1,000,000 par value per share			
Share capital - 875 shares subscribed and fully paid up	18	875,000,000	875,000,000
Accumulated loss		(157,988,193,536)	(145,902,682,934)
Other comprehensive income		(1,433,314,468)	(790,073,516)
TOTAL EQUITY - DEFICIT		(158,546,508,004)	(145,817,756,449)
TOTAL LIABILITIES AND EQUITY		242,171,240,233	279,509,064,587

PT MITRA NIAGA MULIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Notes	2016	2015
SALES	19	391,069,658,307	213,243,988,450
COST OF SALES	20	(364,705,176,095)	(190,153,189,944)
GROSS PROFIT (LOSS)		26,364,482,212	23,090,798,506
INDIRECT EXPENSES	21	(28,237,292,573)	(23,308,075,966)
OPERATING EXPENSES		(1,872,810,361)	(217,277,460)
OTHER INCOME (LOSS)	22		
Other Income		115,936,389,956	40,040,587,645
Other Expenses		(114,179,330,569)	(87,715,031,254)
OTHER INCOME		1,757,059,387	(47,674,443,609)
LOSS		(115,750,974)	(47,891,721,069)
TAX INCOME			
Deferred tax	14b	(11,969,759,628)	8,304,791,205
		(11,969,759,628)	8,304,791,205
LOSS FOR THE YEAR		(12,085,510,602)	(39,586,929,864)
OTHER COMPREHENSIVE INCOME			
Actuarial Losses		(857,654,603)	(1,053,431,354)
Related Income Tax		214,413,651	263,357,839
		(643,240,952)	(790,073,516)
TOTAL COMPREHENSIVE INCOME (LOSS)		(12,728,751,554)	(40,377,003,379)

PT MITRA NIAGA MULIA
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Share capital	Other Comprehensive Income	Accumulated loss	Total
Balance as of 1 April 2014	875,000,000	-	(106,315,753,070)	(105,440,753,070)
Total profit or loss and other comprehensive income for the year	-	(790,073,516)	(39,586,929,864)	(40,377,003,379)
Balance as of 31 March 2015	875,000,000	(790,073,516)	(145,902,682,934)	(145,817,756,449)
Total profit or loss and other comprehensive income for the year	-	(643,240,952)	(12,085,510,602)	(12,728,751,554)
Balance as of March 31, 2016	875,000,000	(1,433,314,468)	(157,988,193,536)	(158,546,508,003)

PT MITRA NIAGA MULIA
STATEMENTS OF CASH FLOW
For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit/(loss) before income tax	(12,728,751,554)	(40,377,003,379)
<i>Add items not affecting operating cash flows</i>		
Depreciation	15,379,163,141	31,828,369,319
Unrealized loss on foreign exchange	27,392,903,329	9,001,868,653
Operating cash flows before changes in working capital	30,043,314,916	453,234,593
Changes in working capital		
Prepaid and advances	(9,186,605,004)	(118,393,309)
Sundry debtor	(459,880,507)	-
Inventories	9,409,335,828	(18,733,539,439)
Deposits	(14,812,049)	(4,233,884,623)
Sundry creditors	(38,507,129,159)	51,196,089,956
Provision	65,271,679,233	(19,358,486)
Taxes payables	10,917,682,962	(7,705,002,127)
Other payables	(44,092,716,865)	37,574,478,221
Provision for retirement benefits	(423,505,485)	518,097,919
Net changes in working capital	(7,085,951,046)	58,478,488,112
Net cash flows provided from (used in) operating activities	22,957,363,870	58,931,722,704
Cash flows from investing activities		
Deferred charges	11,957,163,604	8,709,886,159
Acquisition of Fixed assets	(929,500,000)	(1,729,970,000)
Disposal of Fixed assets	634,630,351	7,998,137,727
Net cash flows used in investing activities	11,662,293,955	14,978,053,886
Cash flows from financing activities		
Unsecured loans	(33,094,280,000)	(74,692,970,000)
Net cash flows provided from financing activities	(33,094,280,000)	(74,692,970,000)
Net increase/(decrease) in cash and cash equivalents	1,525,377,825	(783,193,410)
Cash and cash equivalents at the beginning of the year	373,634,126	1,156,827,536
Cash and cash equivalents at the end of the year	1,899,011,951	373,634,126

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and General Information

PT. Mitra Niaga Mulia ("the Company") was established under the Notary Deed No. 189 of Buntario Tigris Darmawa NG, S.H., public notary in Jakarta, dated February 25, 2005, and has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia in the letter No. : C-02779 HT.01.01.TH02006, dated February 1, 2006.

The Company's Article of Association has been amended to confirm with the requirement of the Regulation of Republik Indonesia No. 40, 2007 regarding the limited liabilities company under the Notarial Deed No. 5 of Rohana Frieta S.H., public notary in Jakarta, dated August 5, 2008. The change has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-56995.AH.01.02. Year 2008, dated August 29, 2008. The latest change has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-AH.01.10-23849. Year 2009, dated December 30, 2009.

The Company's Articles of Association has been amended several times and the latest changes was under the notarial deed No. 9 of Rohana Frieta S.H., public Notary in Jakarta, dated May 8, 2013, regarding the change in the composition of Board of Directors. The change has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-AH.01.10-20332, dated May 27, 2013.

According to the Articles of Association, the Company's scope of activities, among others, are coal minings and others. The Company obtained its license for the exploitation of coal mining (IUP) in Bunyu Island, East Kalimantan, by Bupati Bulungan No.57/K-III/540/2010 dated February 9, 2010 valid till September 23, 2037.

b. Board of Commissioners and Directors, and Employees

The composition of the Company's Boards of Commissioner and Director is as follows:

	<u>2016</u>	<u>2015</u>
Commissioner		
Commissioner :	Ms. Prosidawaty Malemta	Ms. Prosidawaty Malemta
Director		
President Director :	Mr. Abdi Khalik Ginting	Mr. Abdi Khalik Ginting
Director :	Mr. Dani Daksinaputra	Mr. Dani Daksinaputra

As on March 31, 2016 and 2015, the Company had total of 67 and 91 employees.

The Company's management has completed and agreed to issue the financial statements for the period ended March 31, 2016 on April 21, 2016.

2. ACCOUNTING STANDARDS APPLIED

These financial statements are prepared in compliance to Indonesian Financial Accounting Standards.

Presented below are the significant accounting policies, which have been used in the preparation of the financial statements of the Company, these are in conformity with the Statement of Financial Accounting Standards ("SFAS").

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of financial statements

The accompanying financial statements have been prepared based on going concern assumption.

The financial statements, presented in millions of rupiah ("IDR"), are prepared on the accrual basis using the historical cost concept.

The statements of cash flows present the Company's receipts and disbursements of cash classified into operating, investing and financing activities using the indirect method.

According to the Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2013) "Presentation of Financial Statement" are applicable for financial statements covering periods beginning on or after January 1, 2011. The Company has adopted Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2009) and there is no impact on the Company to make restatement or reclassification.

b. Functional currency

The Company maintains its accounting records in Indonesian Rupiah. Transactions denominated in foreign currencies are converted into Rupiah (IDR) at the fiscal exchange rates prevailing on a beginning week. On the balance sheet date, assets and liabilities in foreign currencies are translated into Rupiah at the exchange rate prevailing as on that date.

Exchange gains and losses arising from foreign currency transactions and on the translation of foreign currency monetary assets and liabilities are recognized in the current period's statement income.

On the balance sheets date, monetary assets and liabilities denominated in foreign currency were translated using the following

	<u>2016</u>	<u>2015</u>
US Dollar (USD) 1	Rp 13,276	Rp 13,084

c. Sundry debtors

Sundry debtors are presented at net of allowance for doubtful accounts, based on a review of the status of the individual debtors at year-end.

d. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis and comprises mining contractor's cost, directly attributable fixed and variable overheads related to mine coal. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

e. Deferred charges

Deferred charges are miscellaneous expenses amortized over periods benefited using the straight-line method.

f. Fixed assets

The cost of an item of fixed assets initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Fixed assets (Continued)

The Company has adopted SFAS 16 (Revised 2007) regarding "Fixed Assets" and has chosen to use the cost model for measuring its fixed assets. Under cost model, fixed assets are stated at cost less accumulated depreciation and accumulated impairment

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

	<u>Years</u>
Plant & Machinery	10
Mining Equipment	5
Vehicles	5
Misc. Site Equipment	4
Computer	4

g. Related party transactions

The Company has entered into transactions with certain related parties as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Related Party Disclosures". Compensation to the key person during 2016 amounting Rp 456,960,794.

All transactions with related parties are properly disclosed in the notes to the financial statements.

h. Sundry creditors

Sundry creditors are measured at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

i. Financial assets and liabilities

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 50 (Revised 2006) "Financial Instruments: Presentation and Disclosure" and SFAS No. 55 (Revised 2006) "Financial Instruments: Recognition and Measurement" applicable for financial statements covering periods beginning on or after January 1, 2010, the accounting policy on financial assets and liabilities are as follows:

1) Financial Asset

Financial assets are classified into the following categories (i) financial assets at fair value are recognized through the income statement, (ii) loans and receivables, (iii) financial assets held to maturity, and (iv) financial assets available for sale. The classification is dependent on the objective when the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(i) Financial assets at fair value are recognized through the income statement

Financial assets at fair value are recognized in the consolidated profit or loss are financial assets classified as assets to be traded. A financial asset is classified as an asset to be traded if it is obtained primarily for the purpose of sale or repurchase in the near future and there is evidence to suggest the background to take advantage of short-term.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or predetermined payment that is not affected by an active market. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently measured at cost which is amortized using the effective interest rate method.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities

1) Financial Asset

(iii) Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with payments and fixed maturity and has determined that the Company's management has the positive intent and ability to maturity, other than:

- a. The Company's financial assets are recognized at fair value through profit or loss;
- b. Company's financial assets available for sale; and
- c. Financial assets that meet the definition as loans and receivables.

These financial assets are initially recognized at fair value including transaction costs and subsequently remeasured at amortized cost by applying the effective interest rate method.

(iv) Financial assets available for sale

Financial assets available for sale are financial assets that are held to an unlimited period of time, which can be sold to meet liquidity needs or changes in interest rates, exchange rates, or that are not classified as loans and receivables, financial assets held to maturity tempo or financial assets at fair value are recognized through the income statement.

Financial assets available for sale are initially recognized at fair value plus transaction costs and are subsequently remeasured at fair value gains and losses are recognized in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until such financial assets no longer recognized. If a financial asset available for sale is impaired, the cumulative gain or loss previously recognized in the statement of changes in equity, will be recognized in the income statement. However, interest calculated using the effective interest rate method, and gains or losses on foreign currency monetary assets which are classified as assets available for sale are recognized in the income statement for the year.

2) Financial liabilities

The company classifies its financial liabilities in categories (i) financial liabilities at fair value are recognized through the income statement and (ii) financial liabilities measured at amortized cost.

(i) Financial liabilities are recognized at fair value through profit and loss

Financial liabilities are recognized at fair value through profit or loss are financial liabilities classified as trading liabilities. A financial liability is classified as a trading liability if it acquired primarily for the purpose of sale or repurchase in the near future and there is evidence to suggest the background to take advantage of short-term.

Gains and losses arising from changes in fair value of derivatives that are managed in conjunction with the financial obligation is included in "gain/ loss on foreign exchange".

(ii) Financial liabilities measured at amortized cost

Financial liabilities not classified as financial liabilities at fair value are recognized through profit and loss are measured at amortized cost. Financial liabilities measured at amortized cost are trade and other payables, accrued expenses, and loans.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j. Fair value estimation

The Company uses several assessment techniques that are used in general to determine the fair value of financial instruments. Inputs used in valuation techniques for financial instruments on the market data that can be observed.

The fair value of financial instruments not traded in active markets is determined using valuation techniques. The Company uses discounted cash flow method using assumptions based on market conditions at balance sheet date which are then used to determine the fair value of financial instruments.

k. Taxation

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 46 with respect to "Accounting for Income Tax", for presenting the income tax expense and the income tax payable. Under this method, the tax effects of the temporary differences in the recognition of income and expenses between financial reporting and for tax purposes are recognized as deferred tax assets and/or liabilities. The currently enacted tax rates are used to determine the deferred taxes.

Deferred tax assets relating to the carry forward of unused tax losses, if any, are recognized to the extent, that future taxable profit would be available to compensate for the unused tax losses.

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

l. Revenue and expenses recognition

Revenue is recognized when goods are delivered. Expenses are recognized when incurred.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results reported in the future periods may be based on amounts that differ from these estimates.

m. Adoption of New Accounting Standards

Effective since January 1, 2015, the Company adopted the following revised accounting standards, which are considered relevant to the financial statements but did not have significant impact :

- SFAS No. 1 (2013 Revision), Presentation of Financial Statements
- SFAS No. 24 (2013 Revision), Employee Benefits
- SFAS No. 46 (2013 Revision), Income Taxes
- SFAS No. 48 (2013 Revision), Impairment of Assets
- SFAS No. 50 (2013 Revision), Financial Instruments : Presentation
- SFAS No. 55 (2013 Revision), Financial Instruments : Recognition and Measurements
- SFAS No. 60 (2013 Revision), Financial Instruments : Disclosures
- SFAS No. 68 (2013 Revision), Fair Value Measurement

PT MITRA NIAGA MULIA**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended March 31, 2016

*(Expressed in Rupiah, unless otherwise stated)***4. CASH AND CASH EQUIVALENTS**

	2016	2015
Cash on hand	-	-
Bank IDR		
BPD Kaltim	545,408,195	170,596,584
PT Bank Mandiri (Persero) Tbk Jakarta	217,090,921	21,134,383
PT Bank Mandiri (Persero) Tbk Bunyu	31,294,995	44,433,234
Subtotal	<u>793,794,111</u>	<u>236,164,201</u>
Bank USD		
PT Bank Mandiri (Persero) Tbk - (in 2016 USD 38,795.80 and 2015 USD 10,394.02)	515,053,041	135,995,358
Standard Chartered (in 2016 USD 30,910.27 and 2015 USD 112.70)	410,364,745	1,474,567
State Bank of India (in 2016 USD 13,543.24 and 2015 Nil)	<u>179,800,054</u>	<u>-</u>
Subtotal	<u>1,105,217,840</u>	<u>137,469,925</u>
Total bank	<u>1,899,011,951</u>	<u>373,634,126</u>
Total cash and cash equivalents	<u>1,899,011,951</u>	<u>373,634,126</u>

5. SUNDRY DEBTOR

	2016	2015
Adani Global Pte. Ltd.	459,880,507	-
	<u>459,880,507</u>	<u>-</u>
The aging analysis of sundry debtor is as follows :		
< 90 days	<u>459,880,507</u>	<u>-</u>

Based on review of the status of the individual receivable accounts at the end of the period, the Company's management determined that all receivables are collectible. Accordingly, no allowance for doubtful accounts was provided.

6. INVENTORIES

	2016	2015
Coal stock (in 2016 303,656 MT and 2015 214,379)	32,184,896,117	43,546,684,841
Fuel	2,134,856,580	207,629,476
Sparepart	74,372,959	49,147,167
	<u>34,394,125,656</u>	<u>43,803,461,484</u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

6. INVENTORIES (Continued)

As of March 31, 2016, inventory of crushed coal is covered by insurance with a total sum insured amounting to USD 8,000,000. Based on Management's opinion, the insurance is adequate to cover possible losses.

As of March 2016 and 2015, Inventory stock quantity as follows :

	Closing Stock Working	
	2016 (in MT)	2015 (in MT)
Opening Stock	214,379	115,520
ROM Production	2,025,474	1,086,008
Less : Coal Sales	(1,936,768)	(987,149)
Closing Stock (ROM + Crushed Coal)	<u>303,085</u>	<u>214,379</u>

7. PREPAID AND ADVANCES

	2016	2015
Advance supplier	12,016,289,166	1,619,522,261
Prepaid expense	59,297,484	1,589,089,895
Advance staff	72,239,807	70,970,134
	<u>12,147,826,457</u>	<u>3,279,582,290</u>

8. FIXED ASSETS

Balance and movement of fixed assets for the year ended March 31, 2016:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition cost:					
Mining equipment	175,718,653,889	-	5,816,608,614	159,720,000	170,061,765,275
Plant & machinery	7,247,176,132	929,500,000	-	-	8,176,676,132
Vehicles	1,666,133,334	-	-	-	1,666,133,334
Misc. site equipment	159,720,000	-	-	(159,720,000)	-
Computer	12,990,000	-	-	-	12,990,000
Total Acquisition cost	<u>184,804,673,355</u>	<u>929,500,000</u>	<u>5,816,608,614</u>	<u>-</u>	<u>179,917,564,741</u>
Accumulated depreciation:					
Mining equipment	154,096,683,469	14,309,668,987	5,181,978,263	159,720,000	163,384,094,193
Plant & machinery	4,205,134,572	889,092,859	-	-	5,094,227,431
Vehicles	1,485,785,277	180,348,057	-	-	1,666,133,334
Misc. site equipment	159,720,000	-	-	(159,720,000)	-
Computer	12,936,762	53,238	-	-	12,990,000
Total Accumulated depreciation	<u>159,960,260,080</u>	<u>15,379,163,141</u>	<u>5,181,978,263</u>	<u>-</u>	<u>170,157,444,958</u>
Net book value	<u>24,844,413,275</u>				<u>9,760,119,783</u>

PT MITRA NIAGA MULIA

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

8. FIXED ASSETS (Continued)

As of March 31, 2016, all assets are covered by insurance under the blanket policies of PT Asuransi Astra Buana with a total sum insured amounting to USD 17,852,000. Based on Management's opinion, there are no impairment of assets and the insurance adequate to cover possible losses. There are no asset as guarantee.

Balance and movement of fixed assets for the year ended March 31, 2015:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition cost:					
Mining equipment	183,387,158,283	-	9,398,474,394	1,729,970,000	175,718,653,889
Plant & machinery	5,517,206,132	-	-	(1,729,970,000)	7,247,176,132
Vehicles	1,995,766,667	-	329,633,333	-	1,666,133,334
Misc. site equipment	159,720,000	-	-	-	159,720,000
Computer	12,990,000	-	-	-	12,990,000
Total Acquisition cost	<u>191,072,841,082</u>	<u>-</u>	<u>9,728,107,727</u>	<u>-</u>	<u>184,804,673,355</u>
Accumulated depreciation:					
Mining equipment	124,291,904,026	35,634,780,219	4,637,206,611	(1,192,794,165)	154,096,683,469
Plant & machinery	2,352,664,419	659,675,988	-	1,192,794,165	4,205,134,572
Vehicles	1,377,808,054	304,314,548	196,337,325	-	1,485,785,277
Misc. site equipment	99,825,000	59,895,000	-	-	159,720,000
Computer	9,689,262	3,247,500	-	-	12,936,762
Total Accumulated depreciation	<u>128,131,890,761</u>	<u>36,661,913,255</u>	<u>4,833,543,936</u>	<u>-</u>	<u>159,960,260,080</u>
Net book value	<u>62,940,950,321</u>				<u>24,844,413,275</u>

As of March 31, 2015, all assets are covered by insurance under the blanket policies of PT Asuransi Indrapura with a total sum insured amounting to USD 18,000,000. Based on Management's opinion, there are no impairment of assets and the insurance adequate to cover possible losses. There are no asset as guarantee.

9. INVESTMENT

	2016	2015
Shares capital investment in PT. Coalindo Energy	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>

10. DEPOSITS

	2016	2015
Deposit with government	10,029,954,378	10,015,142,329
	<u>10,029,954,378</u>	<u>10,015,142,329</u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

11. DEFERRED CHARGES

Balance and movement of deferred charges for the year ended March 31, 2016:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
<u>Acquisition cost:</u>					
Land compensation	66,618,533,105	136,000,000	-	-	66,754,533,105
Mics. expense asset	99,082,753,507	-	-	-	99,082,753,507
Total Acquisition Cost	165,701,286,612	136,000,000	-	-	165,837,286,612
<u>Accumulated amortization</u>					
Land compensation	1,909,534,413	2,184,888,253	-	-	4,094,422,666
Mics. expense asset	9,908,275,351	9,908,275,351	-	-	19,816,550,702
	11,817,809,764	12,093,163,604	-	-	23,910,973,368
Net book value	153,883,476,848				141,926,313,244

Balance and movement of deferred charges for the year ended March 31, 2015:

	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
<u>Acquisition cost:</u>					
Land compensation	64,226,572,105	2,391,961,000	-	-	66,618,533,105
Mics. expense asset	99,082,753,507	-	-	-	99,082,753,507
Total Acquisition Cost	163,309,325,612	2,391,961,000	-	-	165,701,286,612
<u>Accumulated amortization</u>					
Land compensation	715,962,605	1,193,571,808	-	-	1,909,534,413
Mics. expense asset	-	9,908,275,351	-	-	9,908,275,351
	715,962,605	11,101,847,159	-	-	11,817,809,764
Net book value	162,593,363,007				153,883,476,848

As the company has started commercial production, management has decided to amortize miscellaneous expenses asset are 10 years starting current year.

12. SUNDRY CREDITORS

	2016	2015
Related parties		
Sundry creditor - Group Company	-	1,576,450,000
Third party		
Sundry creditor	17,310,225,402	54,240,904,561
	17,310,225,402	55,817,354,561

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

13. PROVISIONS

	2016	2015
Provision for expenses payable	71,318,119,876	6,014,876,105
Provision for Jamsostek payable	-	25,514,538
Provision for bonus payable	-	6,050,000
	71,318,119,876	6,046,440,643

Provision for expenses payables is expenses for the solar and consultant.

14. TAXATION

a. Taxes payable

	2016	2015
Income tax - Article 15	17,696,414	64,230,916
Income tax - Article 21	75,360,409	676,024
Income tax - Article 23	145,852,077	1,011,664,975
Total	238,908,900	1,076,571,915

b. Tax income/(expense)

	2016	2015
Deferred tax Assets	(11,969,759,628)	8,304,791,205
Total	(11,969,759,628)	8,304,791,205

The reconciliation between income before tax as shown in the statements of income and the estimated taxable income are as

	2016	2015
Profit/(loss) before income tax	(115,750,974)	(47,891,721,069)
<i>Temporary differences:</i>		
Depreciation of fixed assets	2,880,713,542	21,963,446,024
Pension retirement benefit	(423,505,485)	(518,097,919)
Amotization of Deferred Expenses	9,908,275,351	9,908,275,351
Total temporary differences:	12,365,483,408	31,353,623,456
<i>Permanent differences:</i>		
Income subject to final income tax	(406,129,525)	(362,587,611)
Medical insurance	497,067,270	576,998,800
Telephone expense	56,093,084	49,914,638
Taxable income before tax loss carry forward	12,396,763,263	(16,273,771,786)
Addition: Tax loss carry forward	(200,423,232,704)	(175,790,810,767)
Less :		
Carried forward tax loss	1,085,577,896	8,179,447,462
Estimated taxable loss	(174,691,159,112)	(200,423,232,704)

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

14. TAXATION (Continued)

c. Deferred tax

	<u>2016</u>	<u>2015</u>
<u>Deferred tax assets</u>		
Tax loss	31,258,400,302	46,105,117,132
Pension retirement benefit	493,508,704.50	599,385,076
Sub total	<u>31,751,909,007</u>	<u>46,704,502,207</u>
<u>Deferred tax liabilities</u>		
Depreciation fixed Assets	4,365,303,039	13,069,501,228
Pre-operative expenses	(4,663,203,789)	(16,564,649,201)
Sub total	<u>(297,900,750)</u>	<u>(3,495,147,973)</u>
Deferred tax asset	<u>31,454,008,257</u>	<u>43,209,354,234</u>

d. Administration

Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self assessment. The tax authorities can assess or amend the taxes within a period of five (5) years from the date the taxes became due.

15. OTHER PAYABLES

	<u>2016</u>	<u>2015</u>
Interest payable	71,604,252,391	77,440,590,210
BPJS Kesehatan	11,153,900	-
Salaries payable	8,782,629	-
Other	235,156,437,630	273,716,465,113
	<u>306,780,626,550</u>	<u>351,157,055,323</u>

Other represent receipt from Adani Global Pte. As advance amounting Rp 235,164,189,954 or USD 17,713,482.22 for coal purchase.

16. UNSECURED LOANS

As of March 31, 2016 and 2015 the balance of this account is follows:

	<u>2016</u>	<u>2015</u>
PT Adani Global	<u>3,095,832,691</u>	<u>8,831,858,291</u>
	<u>3,095,832,691</u>	<u>8,831,858,291</u>

The Company received unsecured loan from related party, PT Adani Global to procure heavy equipment, pay land compensation and for working capital. Interest rate for loan is at 10% per annum for IDR and 6,5% per annum for USD.

PT MITRA NIAGA MULIA**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended March 31, 2016

*(Expressed in Rupiah, unless otherwise stated)***17. PROVISION FOR POST EMPLOYMENT BENEFITS**

The Company provides provision for employee benefits based on Law of Manpower No. 13 of 2003. The estimated liability for employee benefits as of March 31, 2016 and 2015 amounted to Rp 1,974,034,818 and Rp 2,397,540,303. As of March 31, 2016, the estimated of employee benefits was determined by the independent actuarial calculation of PT Sigma Prima Solusindo, Independent actuarial used the "Projected Unit Credit" method with the following assumptions as following:

	<u>2016</u>	<u>2015</u>
Salary increase rate	7%	9%
Discount rate	8.13%	7.64%
Mortality rate	TMI-III in 2011	TMI-III in 2011

Provision for Post Employment Benefits are as follows:

	<u>2016</u>	<u>2015</u>
Present Value of Defined Benefit Obligation	1,974,034,818	2,397,540,303
Fair Value of Plan Assets	-	-
Funding Status	1,974,034,818	2,397,540,303
Assets In Balance Sheet	1,974,034,818	2,397,540,303

	<u>2016</u>	<u>2015</u>
Assets at Beginning Period	2,397,540,303	1,879,442,384
Expense/(Revenue)	378,462,299	605,459,715
Other Comprehensive Income/Expense	857,654,603	1,053,431,354
Realization of Benefits Payment	(1,659,622,387)	(1,140,793,150)
	1,974,034,818	2,397,540,303

	<u>2016</u>	<u>2015</u>
Expenses		
Current Services Cost	331,913,079	461,870,317
Interest Cost	194,920,027	143,589,398
Increase/(Decrease) in Liabilities Transition	(148,370,807)	-
	378,462,299	605,459,715

18. SHARE CAPITAL

The Company's authorized capital consist of 2,000 shares with par value per share of Rp 1,000,000, of which 875 shares issued and paid up capital.

On September 28, 2015, based on Notarial Deed Transfer of ownership, shareholding composition of the Company changed from previously owned by PT Niaga Antar Bangsa taken over by PT Lamindo Inter Multikon amount of 656 shares (75%) of the purchase price Rp656.000.000. On the transfer of ownership of shares, notarized by Deed No. 10 dated September 28, 2015 which was notarized in Notarial Rohana Frieta, AH. This transaction effectively occurs at the closing date (March 31, 2016).

The amendment was recorded by the Ministry of Justice and Human Rights of Republic of Indonesia under the letter No. AHU-AH.01.03-0969207, dated October 2, 2015.

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

18. SHARE CAPITAL (Continued)

The composition of issued and paid-up shares as of March 31, 2016 and 2015 were as follows:

As of March 31, 2016			
Shareholders	Number of Shares Issued	Percentage of Ownership	Amount
PT Lamindo Inter Multikon	656	75%	656,000,000
PT Niaga Lintas Samudra	219	25%	219,000,000
	875	100%	875,000,000

As of March 31, 2015			
Shareholders	Number of Shares Issued	Percentage of Ownership	Amount
PT Niaga Antar Bangsa	656	75%	656,000,000
PT Niaga Lintas Samudra	219	25%	219,000,000
	875	100%	875,000,000

19. SALES

	2016	2015
Coal (in USD 29,040,796, Quantity 2,308,534 MT)	391,069,658,307	213,243,988,450
	391,069,658,307	213,243,988,450

20. COST OF SALES

	2016	2015
Over burden removal service	182,782,731,777	80,323,724,103
Solar expense	65,077,230,361	28,425,481,554
Crane hiring charges	22,982,226,933	16,125,177,689
Barges rent	21,060,274,038	9,532,334,578
Depreciation expense	15,379,163,141	36,661,913,255
Excavator expense	9,467,777,376	12,061,845,205
Salaries	9,242,885,540	14,531,153,317
Heavy earth moving	9,190,545,190	-
Coal handling services	7,877,610,163	-
Stevedoring expenses	5,759,822,223	3,843,347,000
Dump truck expense	2,968,242,270	3,794,782,076
	351,788,509,012	205,299,758,777

PT MITRA NIAGA MULIA**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended March 31, 2016

*(Expressed in Rupiah, unless otherwise stated)***20. COST OF SALES (Continued)**

	2016	2015
Balance carry forward	351,788,509,012	205,299,758,777
Testing and Analysis	1,042,524,093	374,882,730
Drilling and exploration expense	46,200,000	1,552,232,000
Demurrage charges	-	1,215,412,993
Others (each below Rp100 million)	466,154,266	187,666,240
	<u>353,343,387,371</u>	<u>208,629,952,740</u>
Opening stock	43,546,684,841	25,069,922,045
Closing stock	(32,184,896,117)	(43,546,684,841)
	<u><u>364,705,176,095</u></u>	<u><u>190,153,189,944</u></u>

21. INDIRECT EXPENSES

	2016	2015
Royalty	9,908,605,885	5,234,615,323
Amortization of deferred expense	9,908,275,351	9,908,275,351
Land compensation	2,184,888,253	1,193,571,808
Insurance expenses	1,692,727,984	3,149,026,237
Legal & professional fees	623,526,114	386,698,099
Travelling expenses	579,594,162	193,419,119
Medical insurance expenses	497,067,270	570,171,260
Heavy equipment	447,549,400	40,558,400
Miscellaneous shipping expenses	441,388,000	70,000,000
Employee Benefit Expense	378,462,299	605,459,715
Miscellaneous expenses	295,498,820	14,025,000
Sundry balances write off	280,826,670	-
Honorarium	265,654,118	155,645,900
Rates & taxes	255,652,173	109,537,032
Freight other	218,848,189	984,666,374
Office expenses	121,949,368	104,013,802
Repair & maintenance	62,675,000	356,400,066
IPK expenses	20,100,000	203,728,318
Others (each below Rp100 million)	54,003,517	28,264,162
	<u><u>28,237,292,573</u></u>	<u><u>23,308,075,966</u></u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

22. OTHER INCOME (EXPENSE)

	2016	2015
Other income		
interest other Income	4,401,999,105	76,212,177
Interest from bank	406,129,525	362,587,611
Dividend income	16,001,250	18,508,750
Other	2,079,110,363	50,000,000
	<u>6,903,240,243</u>	<u>507,308,538</u>
Other expenses		
Loss on foreign exchange	4,413,188,604	44,766,935,188
Bank charges	341,138,198	66,238,991
Interest on other	309,583,269	3,266,239,576
Disposal of asset	-	29,900,245
Other	82,270,785	52,438,147
	<u>5,146,180,856</u>	<u>48,181,752,147</u>
Other income (expense)	<u><u>1,757,059,387</u></u>	<u><u>(47,674,443,609)</u></u>

23. FINANCIAL ASSET AND FINANCIAL LIABILITIES

The information given below relates to the Company's financial assets and liabilities by categories as of March 31, 2016:

	Total	Loan and receivables	FVTPL	Other financial liabilities
Financial assets				
Cash and cash equivalents	1,899,011,951	1,899,011,951	-	-
Prepaid and advance	12,147,826,457	12,147,826,457	-	-
Investment	100,000,000	-	100,000,000	-
Total financial assets	<u>14,146,838,408</u>	<u>14,046,838,408</u>	<u>100,000,000</u>	<u>-</u>
Financial liabilities				
Sundry creditors	17,310,225,402			
Others payable	306,780,626,550			
Unsecured loans	3,095,832,691			
Total financial liabilities	<u>327,186,684,643</u>	<u>-</u>	<u>-</u>	<u>-</u>

PT MITRA NIAGA MULIA
NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

23. FINANCIAL ASSET AND FINANCIAL LIABILITIES (Continued)

The information given below relates to the Company's financial assets and liabilities by categories as of March 31, 2015:

	Total	Loan and receivables	FVTPL	Other financial liabilities
Financial assets				
Cash and cash equivalents	373,634,126	373,634,126	-	-
Prepaid and advance	3,279,582,290	3,279,582,290	-	-
Investment	100,000,000	-	100,000,000	-
Total financial assets	3,753,216,416	3,653,216,416	100,000,000	-
Financial liabilities				
Sundry creditors	55,817,354,561	-	-	-
Others payable	351,157,055,323	-	-	-
Unsecured loans	8,831,858,291	-	-	-
Total financial liabilities	415,806,268,175	-	-	-

24. GOING CONCERN

Company management to evaluate the entity's ability to continue as a going concern and require disclosures when either financial statements are prepared on a going concern basis or there is substantial doubt about the entity's ability to continue as a going concern. The Company management confirm that :

1. It has no intention to cease the operation of the Company within the next year or within foreseeable future. No Liquidation within the next 12 months.
2. It will continue to provide financial and / or other support as necessary for the Company to enable it to continue its operation and to meet its obligations when they are due.
3. In the case of financial difficulties the company's shareholders will support.

The financial statements have been prepared on basis of the Company continuing as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

25. ACCOUNT RECLASSIFICATION

Several account in the year 2015 was reclassified to adjust with the presentation of financial statement in year 2016.