

PT SUMBER BARA AND ITS SUBSIDIARIES

Consolidated Financial Statements

For the year ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

Ref. : R-030/SB-KPS/SYM03/IV/2016

**The Shareholders, Boards of Commissioners and Directors
PT Sumber Bara**

We have audited the accompanying consolidated financial statements of PT Sumber Bara (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2016, and the consolidated statements of comprehensive income, statement of changes in equity, and statement of 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 these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Sumber Bara (the "Company") and its subsidiaries as of March 31, 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of the Group as of March 31, 2016 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of the Company (parent entity), which comprises 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 (collectively referred to as the "Financial information of the Parent Entity"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The financial information of the Parent Entity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Financial Information of the Parent Entity has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Financial Information of the Parent Entity is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.



Syamsudin
NRAP. 0209

April 21, 2016

Ref. : R-030/SB-KPS/SYM03/IV/2016



PT SUMBER BARA

Mustika Ratu Lt. 3, Jl. Gatot Subroto Kav 74-75 Jakarta Selatan, 12870

Telp: 021- 8307406, 8307420 Fax: 021-8307407

BOARD OF DIRECTORS' STATEMENT

REGARDING

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

PT. SUMBER BARA AND ITS SUBSIDIARIES

We, the undersigned :

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

declare that :

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

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 21 April 2016


PT SUMBER BARA
6DCADF966
6000
RIBU RUPIAH
Jayaraman Udaykumar
Director

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED 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	3	35,816,833,440	31,382,122,269
Sundry debtors	2d,4	459,880,507	-
Inventory	5	104,520,614,586	174,343,655,101
Advances	6	26,184,495,105	15,081,427,204
Prepaid expenses	7	4,273,541,693	4,612,473,984
Prepaid tax	2j,15a	86,385,750	90,285,750
Total current assets		171,341,751,081	225,509,964,308
NON CURRENT ASSETS			
Capital advance	8	16,638,200,000	17,338,910,915
Fixed assets - net	2f,9	238,242,591,114	292,685,557,950
Investments	2i	200,000,000	200,000,000
Deferred charges	2e,10	178,600,748,110	174,154,126,065
Deposits	11	27,612,759,154	25,907,547,618
Deferred tax assets	2j,15d	100,966,567,021	91,148,713,373
Other assets	12	8,082,215,742	3,665,572,354
Total non current assets		570,343,081,141	605,100,428,275
TOTAL ASSETS		741,684,832,222	830,610,392,583
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Sundry creditors	2h,13	111,590,478,843	122,784,541,876
Provisions	14	28,432,454,023	9,668,987,756
Taxes payables	2j,15b	2,520,801,988	6,912,002,972
Other payables	16	875,674,383,037	414,185,022,308
Total current liabilities		1,018,218,117,891	553,550,554,912
NON CURRENT LIABILITIES			
Provision for retirement benefits	17	18,649,691,552	22,289,317,232
Loans	18	43,428,115,222	542,414,241,919
Total non current liabilities		62,077,806,774	564,703,559,151
TOTAL LIABILITIES		1,080,295,924,665	1,118,254,114,063
EQUITY			
Authorized capital - 4,000 shares Rp500,000 par value per share			
Share capital - 1020 shares subscribed and fully paid up	20	1,500,000,000	1,500,000,000
Accumulated profit (Loss)		(243,523,786,294)	(209,414,272,688)
Additional paid in capital		(876,180,376)	(451,490,240)
Other comprehensive income		(11,123,165,027)	(7,422,798,068)
Total Equity Attributable to Owners of the Company		(254,023,131,698)	(215,788,560,996)
Non controlling interest		(84,587,960,745)	(71,855,160,484)
TOTAL EQUITY - DEFICIT		(338,611,092,443)	(287,643,721,480)
TOTAL LIABILITIES AND EQUITY		741,684,832,222	830,610,392,583

See the accompanying notes form an integral part of these consolidated financial statement

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
SALES	2k, 21	1,029,103,491,124	983,245,779,034
COST OF SALES	22	<u>(952,852,160,742)</u>	<u>(832,142,267,548)</u>
GROSS PROFIT		76,251,330,382	151,103,511,486
GENERAL AND ADMINISTRATIVE EXPENSES	2k, 23	<u>(117,783,151,311)</u>	<u>(109,467,350,392)</u>
OPERATING PROFIT		(41,531,820,929)	41,636,161,094
OTHER INCOME/ (EXPENSES)	2k,24		
Other income		5,058,302,017	1,592,747,305
Other expenses		<u>(18,684,294,853)</u>	<u>(158,145,313,631)</u>
		<u>(13,625,992,836)</u>	<u>(156,552,566,326)</u>
PROFIT (LOSS) BEFORE INCOME TAX		<u>(55,157,813,765)</u>	<u>(114,916,405,231)</u>
Current tax	15b	(36,440,500)	(1,147,720,350)
Deferred tax	15c	8,493,503,777	24,394,537,806
		<u>8,457,063,277</u>	<u>23,246,817,456</u>
NET PROFIT / (LOSS) FOR THE YEAR		<u>(46,700,750,488)</u>	<u>(91,669,587,775)</u>
OTHER COMPREHENSIVE INCOME			
Actuarial Losses		(4,933,822,613)	(9,897,064,090)
Related Income Tax		1,233,455,653	2,474,266,023
		<u>(3,700,366,960)</u>	<u>(7,422,798,067)</u>
TOTAL COMPREHENSIVE INCOME		(50,401,117,448)	(99,092,385,842)
LOSS ATTRIBUTE TO:			
Owners of the parent		(34,109,513,606)	(66,902,516,006)
Non controlling interest		<u>(12,591,236,882)</u>	<u>(24,767,071,769)</u>
		<u>(46,700,750,488)</u>	<u>(91,669,587,775)</u>
Total Comprehensive Income Attributable to:			
Owners of the parent		(37,809,880,565)	(74,319,289,382)
Non controlling interest		<u>(12,591,236,882)</u>	<u>(24,773,096,461)</u>
		<u>(50,401,117,448)</u>	<u>(99,092,385,842)</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Notes	Share capital	Other Comprehensive Income	Accumulated profit/(loss)	Additional paid in capital	Non controlling interest (NCI)	Total
Balance as of April 1, 2014	20	1,500,000,000	-	(142,511,756,682)	(451,490,240)	(47,088,088,715)	(188,551,335,637)
Net profit (loss) for the year		-	(7,422,798,068)	(66,902,516,006)	-	(24,767,071,769)	(99,092,385,843)
Balance as of March 31, 2015	20	<u>1,500,000,000</u>	<u>(7,422,798,068)</u>	<u>(209,414,272,688)</u>	<u>(451,490,240)</u>	<u>(71,855,160,484)</u>	<u>(287,643,721,480)</u>
Additional share capital non controlling interest		-	-	-	(424,690,136)	(141,563,379)	(566,253,515)
Net profit (loss) for the year		-	(3,700,366,960)	(34,109,513,606)	-	(12,591,236,882)	(50,401,117,448)
Balance as of March 31, 2016	20	<u>1,500,000,000</u>	<u>(11,123,165,027)</u>	<u>(243,523,786,294)</u>	<u>(876,180,376)</u>	<u>(84,587,960,745)</u>	<u>(338,611,092,443)</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	2016	2015
Cash flows from operating activities		
Profit/(loss) before income tax	(50,401,117,448)	(99,092,385,842)
<i>Add items not affecting operating cash flows</i>		
Depreciation	65,525,844,397	94,591,975,453
Retained earning adjusted	(566,253,515)	-
Amortization of deferred expenses	14,656,649,761	13,636,938,533
Operating cash flows before changes in working capital	29,215,123,195	9,136,528,144
Changes in working capital		
Sundry debtors	(459,880,507)	36,668,500
Inventory	69,823,040,515	(60,844,165,591)
Deposits	(1,705,211,536)	(7,319,586,627)
Advances	(11,103,067,901)	(4,297,792,433)
Prepaid expenses	338,932,291	807,848,992
Prepaid taxes	3,900,000	(23,248,317,456)
Sundry creditors	(11,194,063,033)	81,150,954,506
Provision	18,763,466,267	5,268,262,925
Taxes payables	(14,209,054,633)	23,016,241,086
Other payables	461,489,360,729	253,472,779,107
Provision for retirement benefits	(3,639,625,680)	7,783,668,570
Net changes in working capital	508,107,796,512	275,826,561,579
Net cash flows provided from (used in) operating activities	537,322,919,708	284,963,089,722
Cash flows from investing activities		
Advance capital	700,710,915	360,400,301
Investments	-	-
Acquisition of fixed assets	(12,067,225,692)	2,659,835,224
Disposal of fixed assets	984,348,131	-
Deferred charges	(19,103,271,806)	(3,121,961,000)
Other current assets	(4,416,643,388)	3,872,881,146
Net cash flows used in investing activities	(33,902,081,840)	3,771,155,671
Cash flows from financing activities		
Unsecured loans	(498,986,126,697)	(265,426,364,572)
Net cash flows provided from financing activities	(498,986,126,697)	(265,426,364,572)
Net increase/(decrease) in cash and cash equivalents	4,434,711,171	23,307,880,821
Cash and cash equivalents at the beginning of the year	31,382,122,270	8,074,241,448
Cash and cash equivalents at the end of the year	35,816,833,440	31,382,122,270

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and general information

PT Sumber Bara (the "Company") was established on November 6, 2009 based on Notarial Deed No. 7 of Rohana Frieta, SH. The deed of establishment was approved by the Ministry of Justice in its decision letter No. AHU-55490.AH.01.01.Tahun 2009 dated November 16, 2009 and was published in the State Gazette No. 21570 dated November 24, 2010, supplement No.77. The Articles of Association has been amended several times, most recently by Notarial Deed No. 9 dated June 6, 2010, of Rohana Frieta, SH concerning changes in the Company's capital structure. The latest amendment was recorded by the Ministry of Justice and Human Rights in Company List No. AHU-AH.01.10-18315 year 2010 dated July 20, 2010. Concerning changes in the Company's management composition. The latest amendment was recorded by the Ministry of Justice and Human Rights in Company List No. AHU-AH.01.10.39947 dated September 26, 2013.

According to Article 3 of its Articles of Association, the Company's scope of activities comprises services, trading, export and import.

The Company is domiciled in Jakarta.

b. Board of Commissioners and Directors, and employees

In accordance with notarial deed No. 16 dated February 24, 2016, which was notarized in Notarial Rohana Frieta, SH., the Company changed the composition of the board of commissioners and directors of the Company.

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

	2016	2015
Commissioner		
President Commissioner	-	Mr. Harsh Vardhan Mishra
Commissioner	Mr. Harsh Vardhan Mishra	Mr. Vinay Prakash
Director		
President Director	-	Mr. Jayaraman Uday Kumar
Director	Mr. Jayaraman Uday Kumar	Mr. Jani Juvenil Ashwinkumar

As of March 31, 2016 and March 31, 2015 the Company has a total of nil and nil employees (unaudited). The Subsidiary PT Niaga Antar Bangsa total employees as of March 31, 2016 and 2015 has a total 787 and 916 employees (unaudited). The Subsidiary PT Niaga Lintas Samudera total employees as of March 31, 2016 and 2015 had total of 2 and 5 employees (unaudited).

c. Company's composition and its subsidiaries

On March 31, 2016 and 2015, the composition of the Company and its subsidiaries (collectively referred to as "Company") is as follows :

Company Name	Domicile	Percentage ownership	Total Aset 2016	Total Aset 2015
Subsidiaries with direct ownership				
PT Niaga Antar Bangsa	Jakarta	75%	741,446,197,682	830,104,259,679
PT Niaga Lintas Samudera	Jakarta	75%	1,708,569,964	2,028,137,264

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL (Continued)

d. Completion of the Company consolidated financial statements

The Company's management is responsible for the preparation of the Consolidated financial statements of the Company which were completed and agreed to issue on April 21, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of consolidated financial statements

The consolidated financial statements are prepared in accordance with the Indonesian Financial Accounting Standards. The consolidated financial statements have been prepared based on going concern assumption and the basis of historical costs, unless for some certain accounts are prepared on other measurements as mentioned by related accounts accounting policies. The consolidated financial statements are prepared under accrual concept, except for the consolidated statements of cash flows. The consolidated statements of cash flows have been prepared using the indirect method. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and term deposits with a maturity period of three months or less and not pledged.

b. Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (note 1c).

The proportionate share of the non controlling shareholders in the equity of the subsidiaries is reflected in "Non Controlling Interest" in the consolidated statement of financial position. Unless mentioned different in an agreement, the Company absorbs the excess of the non controlling interests on accumulated net losses of a subsidiary.

All significant inter-company statement of financial position and transactions have been eliminated to present the financial position and results of operations of the company and its subsidiaries as a single entity.

Excess between purchase price over underlying net book value of acquired subsidiary is recorded as goodwill; except for excess resulting from restructuring transactions of entities under common control which is recorded as "Difference in value of restructuring transactions of entities under common control" under the equity section.

The equity transactions of the Subsidiary which affect the share of net assets of such subsidiary are presented as "Non Controlling Interest" under the equity section.

c. Foreign currency translation

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 statement of financial position, assets and liabilities in foreign currencies are translated into Rupiah at the exchange rate prevailing as of 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 of income.

On report date, monetary assets and liabilities denominated in foreign currency were translated using the following rates:

	2016		2015	
US Dollar (USD) 1	Rp	13,276	Rp	13,084

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Sundry debtors

Sundry debtors are included as loans and receivables' financial assets. Sundry debtors are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

e. Deferred charges

Expenses of cost that is expected to have period of benefit more than one year are record as deferred expenses and amortized according to the expected period of benefit using 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.

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 any accumulated impairment losses.

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

	Years
Building and structures	20
Jetty	20
Light System	10
Site Equipment	10
Plant & machinery	10
Drilling machine	10
Mining equipment	5
Vehicle	5
Computer	4
Office equipment furniture	4
Road at site	4
Misc. site equipment	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". There is no compensation paid to key person during 2015.

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

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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.

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities (Continued)

1) Financial asset (Continued)

(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.

3) 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.

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Taxation

The Company has adopted Statements 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.

k. Revenue and expenses recognition

Revenue is recognized when goods are delivered. Expenses are recognized as accruals.

l. Use of estimates

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 statements but do not have significant impact:

- SFAS No. 1, (2013 Revision), Presentation of Financial Statements
- SFAS No. 4, (2013 Revision), Separate Financial Statements
- SFAS No. 15, (2013 Revision), Investments in Associates and Joint Ventures
- 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 Measurement
- SFAS No. 60, (2013 Revision), Financial Instruments: Disclosures
- SFAS No. 65, (2013 Revision), Consolidated financial statements
- SFAS No. 68, (2013 Revision), Fair Value Measurement

The effects of those implementation, the comparative financial statements as of December 31, 2014 and January 1, 2014 have been restated as disclosed in Note 25 to financial statements.

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3. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand	37,172,800	78,504,000
Bank IDR		
- PT Bank Mandiri (Persero) Tbk	2,117,782,655	1,178,247,061
- BPD Kaltim	1,291,422,137	306,280,496
- PT Bank Negara Indonesia (Persero) Tbk	146,863,580	-
- CIMB Niaga	30,531,019	-
- State Bank Of India	5,341,232	7,156,238
- Standard Chartered Bank	-	62,264,267
Subtotal	3,591,940,623	1,553,948,062
Bank USD		
- State Bank Of India (USD 2,220,923.59 in 2016 and USD 6,092.29 in 2015)	29,484,968,305	79,711,522
- PT Bank Mandiri (Persero) Tbk (USD 144,226.35 in 2016 and USD 13,418.54 in 2015)	1,914,749,023	175,568,439
- Standard Chartered Bank (USD 59,355.43 in 2016 and USD 2,250,180.11 in 2015)-DSR Account	788,002,689	29,441,356,559
- CIMB Niaga (USD 0 in 2016 and USD 3,389.78 in 2015)	-	44,351,912
- DBS Bank (USD 0 in 2016 and USD 663.54 in 2015)	-	8,681,774
Subtotal	32,187,720,017	29,749,670,206
Total bank	35,779,660,640	31,303,618,269
Total cash and cash equivalents	35,816,833,440	31,382,122,269

4. SUNDRY DEBTORS

	2016	2015
Sundry debtors	459,880,507	-
Total	459,880,507	-
The aging analysis of sundry debtor is as follows :		
Due date :		
< 90 days	459,880,507	-
Total	459,880,507	-

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.

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5. INVENTORY

	2016	2015
Coal (in 2016, 606,918 MT and in 2015, 724,184 MT)	78,827,445,434	147,102,800,685
Sparepart	19,633,788,845	21,080,276,022
Fuel	6,059,380,307	6,160,578,394
Total	104,520,614,586	174,343,655,101

As of March 31, 2016, inventory crushed coal is covered by insurance with a total sum insured amounting to USD 16,000,000. 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	2015
	(in MT)	(in MT)
Opening Stock	724,183	407,268
ROM Production	5,009,127	4,921,064
Less : Coal Sales	(5,126,392)	(4,604,148)
Closing Stock (ROM + Crushed Coal)	606,918	724,184

6. ADVANCES

	2016	2015
Advances to supplier and service provider	24,717,886,270	13,390,499,327
Advance to staff	1,466,608,835	1,690,927,877
Total	26,184,495,105	15,081,427,204

7. PREPAID EXPENSES

	2016	2015
Insurance	4,273,541,693	4,612,473,984
Total	4,273,541,693	4,612,473,984

8. CAPITAL ADVANCE

	2016	2015
Capital advance	16,638,200,000	17,338,910,915
Total	16,638,200,000	17,338,910,915

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9. FIXED ASSETS

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

	2016				Ending balance
	Beginning Balance balance	Additions	Deductions	Reclasifications	
Acquisition cost:					
Land	822,620,632	631,706,122	-	-	1,454,326,754
Building and structures	59,187,040,972	1,692,210,884	-	-	60,879,251,856
Jetty	43,893,467,898	-	-	-	43,893,467,898
plant & machinery	263,806,353,802	1,823,639,955	-	(1,570,251,497)	264,059,742,260
Drilling machine	1,182,500,000	-	-	-	1,182,500,000
Vehicle	10,428,063,594	-	-	-	10,428,063,594
Computer	9,088,445,943	58,412,000	-	(6,696,202,113)	2,450,655,830
Office equipment - furniture	5,564,927,803	208,320,000	3,000,000	6,696,202,113	12,466,449,916
Mining equipment	261,782,966,108	-	6,351,100,113	1,570,251,497	257,002,117,492
Misc. site equipment	8,810,388,288	-	-	-	8,810,388,288
Total acquisition cost	<u>664,566,775,040</u>	<u>4,414,288,961</u>	<u>6,354,100,113</u>	<u>-</u>	<u>662,626,963,888</u>
Accumulated depreciation:					
Building and structures	28,168,154,627	2,643,396,088	-	-	30,811,550,715
Jetty	13,635,308,169	2,194,673,791	-	-	15,829,981,960
Plant & machinery	101,631,323,157	27,673,115,432	-	942,149,752	130,246,588,341
Drilling machine	591,250,000	118,250,000	-	-	709,500,000
Vehicle	8,132,095,506	1,392,832,109	-	-	9,524,927,615
Computer	1,953,039,825	273,317,960	-	-	2,226,357,785
Office equipment furniture	4,465,862,315	2,771,088,527	-	-	7,236,950,842
Mining equipment	219,262,940,478	28,459,170,490	5,663,020,050	(942,149,752)	241,116,941,166
Misc. site equipment	998,496,062	-	-	-	998,496,062
Total accumulated depreciation	<u>378,838,470,139</u>	<u>65,525,844,397</u>	<u>5,663,020,050</u>	<u>-</u>	<u>438,701,294,486</u>
Net book value	<u>285,728,304,901</u>				<u>223,925,669,402</u>
Works in progress					
Work in progress	6,957,253,049	7,652,936,731	293,268,068	-	14,316,921,712
Total works in progress	<u>6,957,253,049</u>	<u>7,652,936,731</u>	<u>293,268,068</u>	<u>-</u>	<u>14,316,921,712</u>
Carrying value of fixed assets	<u>292,685,557,950</u>				<u>238,242,591,114</u>

As of March 31, 2016, all fixed assets are covered by insurance with a total sum insured amounting to USD 45,852,000 and IDR 253,750,000. Based on Management's opinion, the insurance is adequate to cover possible losses.

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9. FIXED ASSETS (Continued)

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

	Beginning Balance balance	Additions	Deductions	Reclassifications	Ending balance
Acquisition cost:					
Land	822,620,632	-	-	-	822,620,632
Building and structures	59,187,040,972	-	-	-	59,187,040,972
Jetty	43,893,467,898	-	-	-	43,893,467,898
plant & machinery	266,201,042,195	360,395,255	-	(2,755,083,648)	263,806,353,802
Drilling machine	1,182,500,000	-	-	-	1,182,500,000
Vehicle	11,084,506,927	-	656,443,333	-	10,428,063,594
Computer	2,268,017,570	1,150,501,590	-	5,669,926,783	9,088,445,943
Office equipment - furniture	5,564,927,803	-	-	-	5,564,927,803
Mining equipment	275,142,595,501	660,000,000	12,449,379,394	(1,570,249,999)	261,782,966,108
Misc. site equipment	4,485,054,144	-	-	4,325,334,144	8,810,388,288
Total acquisition cost	<u>669,831,773,642</u>	<u>2,170,896,845</u>	<u>13,105,822,727</u>	<u>5,669,927,280</u>	<u>664,566,775,040</u>
Accumulated depreciation:					
Building and structures	22,342,787,453	5,825,367,174	-	-	28,168,154,627
Jetty	11,440,634,774	2,194,673,395	-	-	13,635,308,169
Plant & machinery	73,265,327,899	28,326,065,258	-	39,930,000	101,631,323,157
Drilling machine	473,000,000	118,250,000	-	-	591,250,000
Vehicle	6,500,499,231	2,107,554,113	475,957,838	-	8,132,095,506
Computer	1,489,107,947	463,931,878	-	-	1,953,039,825
Office equipment furniture	2,189,185,654	2,276,676,661	-	-	4,465,862,315
Mining equipment	175,375,939,166	53,259,492,187	9,372,490,875	-	219,262,940,478
Misc. site equipment	1,018,461,062	19,965,000	-	(39,930,000)	998,496,062
Total accumulated depreciation	<u>294,094,943,186</u>	<u>94,591,975,666</u>	<u>9,848,448,713</u>	<u>-</u>	<u>378,838,470,139</u>
Net book value	<u>375,736,830,456</u>				<u>285,728,304,901</u>
Works in progress					
Work in progress	14,200,538,171	10,206,661	1,583,565,000	(5,669,926,783)	6,957,253,049
Total works in progress	<u>14,200,538,171</u>	<u>10,206,661</u>	<u>1,583,565,000</u>	<u>(5,669,926,783)</u>	<u>6,957,253,049</u>
Carrying value of fixed assets	<u>389,937,368,627</u>				<u>292,685,557,950</u>

As of March 31, 2015, all fixed assets are covered by insurance with a total sum insured amounting to USD 40.002.500 and USD 18.000.000. Based on Management's opinion, the insurance is adequate to cover possible losses.

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10. DEFERRED CHARGES

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

	Beginning balance	Additions	Deductions	Ending balance
<u>Acquisition cost:</u>				
Land compensation	79,995,353,248	1,336,000,000	-	81,331,353,248
Miscellaneous expense	113,931,545,126	-	-	113,931,545,126
Pre-operative expense	3,464,002,337	17,767,271,806	-	21,231,274,143
Total acquisition cost	<u>197,390,900,710</u>	<u>19,103,271,806</u>	-	<u>216,494,172,516</u>
<u>Accumulated amortization:</u>				
Land compensation	7,752,192,224	3,744,483,522	-	11,496,675,746
Miscellaneous expense	15,484,582,421	10,912,166,239	-	26,396,748,660
Total accumulated amortization	<u>23,236,774,645</u>	<u>14,656,649,761</u>	-	<u>37,893,424,406</u>
Net book value	<u>174,154,126,065</u>			<u>178,600,748,110</u>

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

	Beginning balance	Additions	Deductions	Ending balance
<u>Acquisition cost:</u>				
Land compensation	77,003,392,248	2,991,961,000	-	79,995,353,248
Miscellaneous expense	113,801,545,126	130,000,000	-	113,931,545,126
Pre-operative expense	3,464,002,337	-	-	3,464,002,337
Total acquisition cost	<u>194,268,939,710</u>	<u>3,121,961,000</u>	-	<u>197,390,900,710</u>
<u>Accumulated amortization:</u>				
Land compensation	5,027,417,416	2,724,774,808	-	7,752,192,224
Miscellaneous expense	4,572,418,696	10,912,163,725	-	15,484,582,421
Total accumulated amortization	<u>9,599,836,112</u>	<u>13,636,938,533</u>	-	<u>23,236,774,645</u>
Net book value	<u>184,669,103,598</u>			<u>174,154,126,065</u>

11. DEPOSITS

	2016	2015
Deposit with Government	<u>27,612,759,154</u>	<u>25,907,547,618</u>
Total	<u>27,612,759,154</u>	<u>25,907,547,618</u>

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12. OTHER ASSETS

	2016	2015
Others assets	8,082,215,742	3,665,572,354
Total	8,082,215,742	3,665,572,354

Others assets represent income tax - article 28a.

13. SUNDRY CREDITORS

	2016	2015
Related parties		
- Sundry creditors - group company	5,051,100,200	3,077,972,000
Third parties		
- Sundry creditors for expenses	67,971,185,854	55,972,730,178
- Sundry creditors for goods/spares	37,204,309,916	34,825,980,819
- Sundry creditors for capital goods	1,363,882,873	28,907,858,879
Total	111,590,478,843	122,784,541,876

14. PROVISIONS

	2016	2015
Provision for expenses payable	28,432,454,023	6,110,576,105
Provision for bonus payable	-	3,558,411,651
Total	28,432,454,023	9,668,987,756

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

15. TAXATION

a. Prepaid Taxes	2016	2015
Subsidiaries		
VAT-in	86,385,750	90,285,750
Subtotal	86,385,750	90,285,750

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15. TAXATION (Continued)

b. Taxes payable	2016	2015
Subsidiaries		
VAT-out	456,855,730	224,497,750
Income tax - article 4 (2)	-	617,778
Income tax - article 15	54,524,078	168,235,392
Income tax - article 21	878,034,625	1,181,180,724
Income tax - article 23	734,224,288	1,198,407,705
Income tax - article 26	397,163,267	4,139,063,623
Subtotal	<u>2,520,801,988</u>	<u>6,912,002,972</u>
Total	<u>2,520,801,988</u>	<u>6,912,002,972</u>
c. Expense corporate income tax	2016	2015
Company		
Deferred tax income/(expenses)	(1,369,027)	6,569,114
Subtotal	<u>(1,369,027)</u>	<u>6,569,114</u>
Subsidiaries		
Current tax	(36,440,500)	(1,147,720,350)
Deferred tax income/(expenses)	8,494,872,804	24,387,968,692
Subtotal	<u>8,458,432,304</u>	<u>23,240,248,342</u>
Total	<u>8,457,063,277</u>	<u>23,246,817,456</u>
The reconciliation between income before tax as shown in the statements of income and the estimated taxable income are as follows:		
	2016	2015
Consolidated income before income tax	<u>(55,157,813,765)</u>	<u>(114,916,405,231)</u>
Less: Income (loss) before taxes subsidiary and elimination	55,123,034,873	114,898,875,579
Income before income tax - Company	<u>(34,778,892)</u>	<u>(17,529,652)</u>
<i>Temporary differences:</i>		
Depreciation of fixed assets	-	-
<i>Permanent differences:</i>		
Bank Interest	-	(97,894)
Income subject to final income tax	-	-
Taxable income before tax loss carry forward	<u>(34,778,892)</u>	<u>(17,627,546)</u>
Adjustment	-	(99,483,437)
Addition: Tax loss carry forward	<u>(402,047,459)</u>	<u>(369,117,476)</u>
Estimated taxable loss	<u>(436,826,351)</u>	<u>(486,228,459)</u>
Income tax article 29 - Company	<u>-</u>	<u>-</u>
Add:		
Corporate income tax - subsidiaries	<u>(36,440,500)</u>	<u>(617,778)</u>
Corporate income tax - consolidated	<u>(36,440,500)</u>	<u>(617,778)</u>

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15. TAXATION (Continued)

d. Deferred tax

	<u>2016</u>	<u>2015</u>
Company		
Deferred tax assets		
Tax loss	109,212,088	110,581,115
Sub total	<u>109,212,088</u>	<u>110,581,115</u>
Subsidiaries		
Deferred tax assets		
Tax loss	91,109,352,511	85,113,636,816
Pension retirement benefit	13,678,464,026	5,523,679,140
Depreciation of fixed assets	4,621,272,974	-
Deferred tax liabilities		
Depreciation of fixed assets	-	18,864,818,748
Pre-operative expenses	(8,551,734,578)	(18,464,002,448)
Sub total	<u>100,857,354,933</u>	<u>91,038,132,257</u>
Total	<u>100,966,567,021</u>	<u>91,148,713,372</u>

f. 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.

16. OTHER PAYABLES

	<u>2016</u>	<u>2015</u>
Interest payable	85,595,658,192	87,840,427,674
Salaries payable	1,115,299,556	330,081,358
Wages payable	438,510	8,173,710
Other	788,962,986,779	326,006,339,566
Total	<u>875,674,383,037</u>	<u>414,185,022,308</u>

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17. PROVISION FOR RETIREMENT BENEFIT

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 Rp18,649,691,552, and Rp22,289,317,232, respectively. 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	8,18%	7,68%
Mortality rate	TMI-III in 2011	TMI-III in 2011
Recognition of (Liabilities) / Assets in Balance Sheet		
	<u>2016</u>	<u>2015</u>
Subsidiaries		
Assets and Liabilities		
Present Value of Defined Benefit Obligation	18,649,691,552	22,289,317,232
Fair Value of Plan Assets	-	-
Funding Status	18,649,691,552	22,289,317,232
Recognition of (Liabilities) / Assets in Balance Sheet	<u>18,649,691,552</u>	<u>22,289,317,232</u>
Reconcile of Amount that Recognized in Balance Sheet		
	<u>2016</u>	<u>2015</u>
Subsidiaries		
(Liabilities)/Assets at Beginning Period	22,289,317,232	14,505,648,384
(Expenses)/Revenue	4,062,919,308	5,802,857,537
Other Comprehensive Income / (Expenses)	4,933,822,613	9,897,064,090
Realization of Benefits Payment	(12,636,367,601)	(7,916,252,779)
(Liabilities)/Assets at Ending Period	<u>18,649,691,552</u>	<u>22,289,317,232</u>
Expenses		
Current Services Cost	3,507,447,316	4,689,575,518
Interest Cost	1,822,067,380	1,113,282,019
Increase/ (Decrease) in Liabilities Transition	(1,266,595,388)	-
Expenses / (Revenue) in Income Statement	<u>4,062,919,308</u>	<u>5,802,857,537</u>

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18. LOANS

The Company received loans from PT Adani Global and PT Standard Chartered Bank (SCB), to support construction of fixed assets and working capital.

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

	<u>2016</u>	<u>2015</u>
Secured loan	-	504,117,583,628
Unsecured loan	43,428,115,222	38,296,658,291
	<u>43,428,115,222</u>	<u>542,414,241,919</u>

a. Secured loan

	<u>2016</u>	<u>2015</u>
PT Standard Chartered Bank (SCB)	-	504,117,583,628
	<u>-</u>	<u>504,117,583,628</u>

PT Standard Chartered Bank (SCB)

In the month of July 2012, PT. Lamindo Inter Multikon executed into capped pre-paid swap structured transaction with SCB. Under the structure of transaction, SCB paid up front amount of USD 80,000,000 & PT. Lamindo Inter Multikon has to make monthly floating amount linked to API4 coal price (subject to capped price of \$ 50) of specified notional coal quantity for 49 months.

The facility & amount of PT SCB Bank as follows :

Facility A	:	SCB will pay to conterparty a fixed amount I equal to: USD 80,000,000
Facility B	:	Counterparty will pay to SCB a fixed amount II equal to: USD 1,000,000.

Transaction details:

Party A	:	Standard Chartered Bank Singapore
Party B	:	PT Lamindo Inter Multikon
Trade date	:	July 9, 2012
Effective date	:	July 9, 2012
Termination date	:	July 31, 2016
Commodity	:	API4 Coal
Total national quantity	:	1,809,800 Metric Tonnes
Calculation period	:	49 monthly calculation periods, starting from and including the effective date.

Fixed amount I:

Initial payment date	:	One (1) business days following the trade date
Fixed amount I	:	On the initial payment date, Party A shall pay Party B an amount equal to: USD 80,000,000

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18. LOANS (Continued)

a. Secured loan (Continued)

Floating Amount

Cap price	:	50 USD/MT
Floating price payer	:	Party B
Initial payment date	:	With respect to each calculation period, Party B pays Party A, on the relevant settlement date, an amount in USD as determined by the calculation agent equal to: Floating Price X National quantity per Calculation Period
Floating price	:	With respect to a calculation period, the relevant unweighted average price, subject to a maximum of the cap price. Where, "Unweighted Average Price" means, with respect to a calculation period, the unweighted arithmetic mean of the commodity reference price on each pricing date during such calculation period.
Commodity reference price	:	"COAL - API 4-ARGUS/MCCLOSKEY'S" means that the price for a pricing date will be that day's specified price per tonne of steam coal 6,000 kcal/kg, up to 1% sulphur nar basis, fob Richards Bay, stated in U.S. Dollars, published under the heading "International Coal Indexes incorporating the APITM Indices: Monthly Coal Price Indexes: API 4 (fob Richards Bay)" in the issue of Argus/McCloskey's Coal Price Index Report that report that reports prices effective on that pricing date.
Specified price	:	The official price as published monthly of API 4 steam coal stated in U.S Dollars published under the heading "International Coal Indices: Monthly Coal Price Indices: API 4 (fob Richards Bay)(formerly known as TFS API 4)"in the issue of Argus/McCloskey's Coal Price Index Report that reports such monthly average price on the last Friday of any calendar month.
Pricing date	:	Each commodity business day during the relevant calculation period.
Settlement date(s)	:	Five (5) business days following the period end date in respect of each calculation period.
Business days (for settlement purposes)	:	New York, London, Singapore and Jakarta.

b. Unsecured loan

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

	<u>2016</u>	<u>2015</u>
PT Adani Global	42,128,115,222	38,296,658,291
PT Mundra Coal	1,300,000,000	-
	<u>43,428,115,222</u>	<u>38,296,658,291</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

18. LOANS (Continued)

a. Unsecured loan (Continued)

PT Adani Global

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.

19. NON CONTROLLING INTEREST

a. The balance of non controlling in net loss of subsidiaries on March 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
PT Energy resources	12,591,236,882	24,767,071,769
Total	<u>12,591,236,882</u>	<u>24,767,071,769</u>

b. The balance of non controlling in subsidiaries' net assets at March 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
PT Energy resources	(84,587,960,745)	(71,855,160,484)
Total	<u>(84,587,960,745)</u>	<u>(71,855,160,484)</u>

20. SHARE CAPITAL

The Company's authorized capital consist of 4,000 shares with par value per share of Rp 500,000, 3000 shares issued and paid up capital as of March 31, 2016 and 2015.

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

<u>Shareholders</u>	<u>Number of Shares Issued</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
PT Adani Global	2,980	99,30%	1,490,000,000
PT Adani Global Coal Trading	20	0,67%	10,000,000
Total	<u>3,000</u>	<u>100%</u>	<u>1,500,000,000</u>

21. SALES

This account represents sales of coal for the period ended March 31, 2016 and 2015 amounting to Rp1,029,103,491,124 and Rp983,245,779,034 respectively.

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

22. COST OF SALES

	<u>2016</u>	<u>2015</u>
Opening stocks	147,102,800,685	88,384,550,019
Direct cost		
OB Removal Service	251,010,877,844	90,094,850,096
Solar expenses	151,833,109,200	205,760,715,267
Salaries	119,725,723,611	138,860,276,329
Depreciation	65,525,844,413	94,591,975,453
Crane hiring rent	65,520,203,210	100,994,810,156
Barges rent	59,975,740,972	46,845,995,534
Dump truck expenses	47,610,158,935	56,084,562,766
Rental equipment charges	27,708,771,931	67,355,211,481
Excavator expenses	21,438,882,944	25,200,463,368
Coal handling plant	16,235,717,488	-
Stevedoring expenses	14,826,599,097	18,699,331,499
Demurrage charge	12,565,376,607	-
Dozer expenses	6,880,874,034	12,997,689,759
Generator expenses	6,348,289,199	-
Freight other	4,775,775,769	5,488,566,671
Testing & analysis expenses	3,666,315,506	3,782,151,139
General spares expenses	2,938,019,262	9,090,854,080
Pickup expenses	1,705,449,966	2,918,459,767
Loading & unloading	1,003,360,379	942,780,950
Drilling and exploration expenses	871,070,500	4,612,615,425
Agency fees for barges	768,668,940	654,531,060
Marine insurance	531,550,458	728,139,237
Wages (site)	482,188,922	673,100,257
Solar (diesel for barges)	-	2,262,230,150
Draught survey	-	165,750,000
Others	628,236,304	2,055,457,770
Subtotal direct cost	<u>884,576,805,491</u>	<u>890,860,518,214</u>
Closing stocks	<u>(78,827,445,434)</u>	<u>(147,102,800,685)</u>
Total	<u>952,852,160,742</u>	<u>832,142,267,548</u>

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Royalty	26,077,697,449	23,461,498,627
Amortization of deferred expenses	14,656,978,860	13,636,938,533
Traveling expenses	12,393,616,688	12,800,967,789
Repair and maintenance	10,454,324,026	8,715,322,603
Fooding expenses	9,497,984,214	11,707,514,567
Misscelenous	8,697,355,393	14,025,000
Medical	4,931,910,253	-
Tax expenses	4,081,944,042	181,034,310
Employee benefit expenses	4,062,919,308	5,858,773,787
Office expenses	3,690,503,421	5,674,943,034
Legal & professional fees	3,464,366,359	3,149,137,192
CSR expenses	2,974,423,410	1,860,411,499
Insurance expenses	2,769,190,263	10,623,084,488
Honorarium	2,592,569,167	2,060,682,907
Miscellaneous shipping	1,339,765,800	-
Fresh water charge	922,714,132	-
KP expenses	756,666,823	-
Heavy earth moving	583,941,300	-
Speed boat charges	538,300,000	842,050,000
Reclamation expenses	506,183,972	393,939,944
Rent expenses	480,614,764	-
Conveyance expense	-	285,633,357
Others	2,309,181,667	8,201,392,755
Total	117,783,151,311	109,467,350,392

24. OTHERS INCOME (EXPENSES)

	2016	2015
OTHERS INCOME		
Interest from Bank	1,165,226,789	1,238,839,273
Dividend income	32,002,500	37,017,500
Sale of Scrap	-	85,734,738
Others	3,861,072,728	231,155,794
	5,058,302,017	1,592,747,305

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

24. OTHERS INCOME (EXPENSES) (Continued)

	2016	2015
OTHER (EXPENSES)		
Foreign exchange loss	(15,989,968,569)	(109,392,815,055)
Bank charges	(1,177,904,516)	(496,780,840)
Interest expenses	-	(46,564,713,696)
Loss of assets	-	(1,638,565,888)
Others	(1,516,421,768)	(52,438,152)
	(18,684,294,853)	(158,145,313,631)
Total	(13,625,992,836)	(156,552,566,326)

25. 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 assets
Financial assets :				
Cash and cash equivalents	35,816,833,440	-	-	-
Advance	26,184,495,105	26,184,495,105	-	-
Investments	200,000,000	-	200,000,000	-
Total financial assets	62,201,328,545	26,184,495,105	200,000,000	-
Financial liabilities :				
Sundry creditors	111,590,478,843	-	-	111,590,478,843
Others payable	875,674,383,037	-	-	875,674,383,037
Loans	43,428,115,222	-	-	43,428,115,222
Total financial liabilities	1,005,256,736,990	-	-	1,030,692,977,102

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	31,382,122,269	-	-	-
Advance	15,081,427,204	15,081,427,204	-	-
Investments	200,000,000	-	200,000,000	-
Total financial assets	46,663,549,473	15,081,427,204	200,000,000	-
Financial liabilities :				
Sundry creditors	122,784,541,876	-	-	122,784,541,876
Others payable	414,185,022,308	-	-	414,185,022,308
Loans	542,414,241,919	-	-	542,414,241,919
Total financial liabilities	1,085,398,682,208	-	-	1,079,383,806,103

PT SUMBER BARA AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

26. 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.

27. SUPPLEMENTARY INFORMATION

The supplementary information on pages 27 to 34 represents financial information of PT Sumber Bara (parent company only) as at and for the years ended March 31, 2016 and 2015, which presents the Company's investment in subsidiaries under the cost method, as opposed to the consolidation method and investments in associates and jointly controlled entities under the cost method, as opposed to equity method.

28. ACCOUNT RECLASSIFICATION

Account depreciation in general and administrative expenses in the year 2015 was reclassified to cost of sales, to adjust with the presentation of financial statement in year 2016.

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF FINANCIAL POSITION
As of March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Notes	2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	i	1,490,949	20,791,841
Advance	ii	240,000,000	250,000,000
Total current assets		241,490,949	270,791,841
NON CURRENT ASSETS			
Long-term investments	iii	765,000,000	765,000,000
Deferred tax assets	vi.c	109,212,088	110,581,115
Total non current assets		874,212,088	875,581,115
TOTAL ASSETS		1,115,703,037	1,146,372,956
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Sundry creditor	iv	2,500,000	2,500,000
Provision	v	22,000,000	16,500,000
Total current liabilities		24,500,000	19,000,000
NON CURRENT LIABILITIES			
Unsecured loans		-	-
Total non current liabilities		-	-
TOTAL LIABILITIES		24,500,000	19,000,000
EQUITY			
Authorized capital - 4,000 shares Rp 500,000 par value per share			
Share capital - 3,000 shares subscribed and fully paid up	vii	1,500,000,000	1,500,000,000
Accumulated loss		(408,796,963)	(372,627,044)
TOTAL EQUITY - DEFICIT		1,091,203,037	1,127,372,956
TOTAL LIABILITIES AND EQUITY		1,115,703,037	1,146,372,956

Supplementary Information
PT SUMBER BARA - PARENT ONLY
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		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
GENERAL AND ADMINISTRATIVE EXPENSES	viii	<u>(33,700,000)</u>	<u>(16,500,000)</u>
OPERATING LOSS		<u>(33,700,000)</u>	<u>(16,500,000)</u>
OTHER INCOME (EXPENSES)	ix		
Other income		-	97,894
Other expense		(1,100,892)	(1,127,546)
OTHER INCOME (EXPENSES)		<u>(1,100,892)</u>	<u>(1,029,652)</u>
PROFIT/ (LOSS) SUBSIDIARIES COMPANY		-	-
LOSS BEFORE INCOME TAX		<u>(34,800,892)</u>	<u>(17,529,652)</u>
TAX INCOME (EXPENSES)			
Deferred tax income (expenses)	vi.c	(1,369,027)	(6,569,114)
		<u>(1,369,027)</u>	<u>(6,569,114)</u>
NET PROFIT /(LOSS) FOR THE YEAR		<u>(36,169,919)</u>	<u>(24,098,766)</u>
OTHER COMPREHENSIVE INCOME			-
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>(36,169,919)</u>	<u>(24,098,766)</u>

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	Notes	Share capital	Accumulated loss	Total
Balance as of April 1, 2012		1,500,000,000	(294,511,475)	1,205,488,525
Comprehensive income (loss) for the year		-	(37,484,131)	(37,484,131)
Balance as of April 1, 2013	vii	1,500,000,000	(348,528,278)	1,151,471,722
Comprehensive income (loss) for the year		-	(24,098,766)	(24,098,766)
Balance as of March 31, 2015	vii	1,500,000,000	(372,627,044)	1,127,372,956
Comprehensive income (loss) for the year		-	(36,169,919)	(36,169,919)
Balance as of March 31, 2016	vii	1,500,000,000	(408,796,963)	1,091,203,038

Supplementary Information
PT SUMBER BARA - PARENT ONLY
STATEMENTS OF CASH FLOW
For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

	2016	2015
Cash flows from operating activities		
Loss before income tax	(34,800,892)	(17,529,652)
Operating cash flows before changes in working capital	(34,800,892)	(17,529,652)
Changes in working capital		
Provision	5,500,000	-
Advances	10,000,000	-
Net changes in working capital	15,500,000	-
Net cash flows provided from (used in) operating activities	(19,300,892)	(17,529,652)
Cash flows from investing activities		
Net cash flows used in investing activities	-	-
Cash flows from financing activities		
Unsecured loans		
Paid in Capital		
Net cash flows provided from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(19,300,892)	(17,529,652)
Cash and cash equivalents at the begining of the year	20,791,841	38,321,493
Cash and cash equivalents at the end of the year	1,490,949	20,791,841

PT SUMBER BARA - PARENT ONLY**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended March 31, 2016

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

	2016	2015
PT Bank Mandiri (Persero) Tbk.	1,490,949	20,791,841
	1,490,949	20,791,841

ii. ADVANCE

	2016	2015
Advance	240,000,000	250,000,000
	240,000,000	250,000,000

iii. LONG-TERM INVESTMENTS

INVESTEE	Percentage ownership	2016	2015
Associated Company:			
PT Niaga Antar Bangsa	75%	382,500,000	382,500,000
PT Niaga Lintas Samudra	75%	382,500,000	382,500,000
Total		765,000,000	765,000,000

iv. SUNDRY CREDITOR

	2016	2015
Sundry Creditors	2,500,000	2,500,000
	2,500,000	2,500,000

v. PROVISIONS

	2016	2015
Provisions Expenses	22,000,000	16,500,000
	22,000,000	16,500,000

(Expressed in Rupiah, unless otherwise stated)

vi. TAXATION

	<u>2016</u>	<u>2015</u>
a. Tax income (expenses)		
Deferred tax income (expenses)	(1,369,027)	6,569,114
Total	<u>(1,369,027)</u>	<u>6,569,114</u>

b. Current tax

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

	<u>2016</u>	<u>2015</u>
Loss before income tax	(34,800,892)	(17,529,652)
<i>Permanent differences:</i>		
Bank interest	-	(97,894)
Medical insurance expenses	-	-
Taxable income before tax loss carry forward	(34,800,892)	(17,627,547)
Less : Tax loss carry forward	(402,047,459)	(468,600,913)
less : Carryforward Loss 2009-2010	(402,047,459)	43,904,000
Estimated taxable loss	<u>(436,848,351)</u>	<u>(442,324,459)</u>

c. Deferred tax

The tax effect of the temporary differences between commercial and fiscal calculation with a tax rate (25%) is as follows:

	<u>2016</u>	<u>2015</u>
Deferred tax assets		
Tax loss carry forward	109,212,088	110,581,115
	<u>109,212,088</u>	<u>110,581,115</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.

(Expressed in Rupiah, unless otherwise stated)

vii. SHARE CAPITAL

The Company's authorized capital consist of 4,000 shares with par value per share of Rp500,000, 3,000 shares issued and paid up capital.

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

Shareholders	Number of Shares issued	Percentage of ownership	Amount
PT Adani Global	2,980	99%	1,490,000,000
PT Adani Global Coal Trading	20	1%	10,000,000
	<u>3,000</u>	<u>100%</u>	<u>1,500,000,000</u>

Viii. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Legal & professional fees	33,700,000	16,500,000
	<u>33,700,000</u>	<u>16,500,000</u>

ix. OTHERS INCOME (EXPENSES)

	2016	2015
Other income		
Interest income	-	97,894
	-	97,894
Other expenses		
Bank charges	(1,100,892)	(1,127,546)
	<u>(1,100,892)</u>	<u>(1,029,652)</u>

Supplementary Information

PT SUMBER BARA - PARENT ONLY

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2016

(Expressed in Rupiah, unless otherwise stated)

xix. 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.