

Financial Statements of

PT Tambang Sejahtera Bersama

For the years ended 31 March 2016 and 2015

With Independent Auditors' report thereon

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PT . TAMBANG SEJAHTERA BERSAMA

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BOARD OF DIRECTORS' STATEMENT

REGARDING

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

PT. TAMBANG SEJAHTERA BERSAMA

We, the undersigned :

- | | | |
|--------------------------------------|---|---|
| 1. Name | : | Mr. Dani Daksinaputra |
| Office address | : | Graha Mustika Ratu, lantai 3, Jl. Jend.Gatot Subroto Kav. 74 - 75 |
| Domicile address
based on ID Card | : | Jl. Destarata 7 no. 10 – Tegal Gundil, Bogor Utara,
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. Tambang Sejahtera Bersama's financial statements;
2. PT. Tambang Sejahtera Bersama's financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. All information in the PT. Tambang Sejahtera Bersama's Financial Statements have been disclosed in a complete and truthful manner;
b. PT. Tambang Sejahtera Bersama'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. Tambang Sejahtera Bersama'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



Armen, Budiman & Rekan

Registered Public Accountants

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

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

No.: 018/WD/2016

Independent Auditors' Report

The Shareholders and The Board of Directors, PT. Tambang Sejahtera Bersama

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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



Opinion

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

Jakarta, 21 April 2016

Drs. Wahyu Darmawan, CPA

License No. AP.0481

PT. Tambang Sejahtera Bersama
Statements of financial position

As of 31 March 2016 and 2015

The Financial Statements are prepared in Rupiah

	Notes	2016	2015
Assets			
Current assets			
Cash and cash equivalents	3	4.236.290	21.098.289
		4.236.290	21.098.289
Other non current assets			
Deposit	4	51.500.000	51.500.000
Deferred expenses	5	7.614.454.482	7.279.279.339
Deferred tax assets	6b	38.834.159	40.914.660
		7.704.788.641	7.371.693.999
Total assets		7.709.024.931	7.392.792.288
Liabilities and Shareholders' equity			
Current liabilities			
Accrued expenses	7	2.094.101.231	1.758.376.088
Sundry creditors	8	2.047.485.200	2.047.485.200
Total current liabilities		4.141.586.431	3.805.861.288
Long term liabilities			
Unsecured loans	9	3.363.508.264	3.350.508.264
Total Liabilities		7.505.094.695	7.156.369.552
Shareholders' equity			
Share capital :	10		
Authorized capital : 4.000 shares with par value of Rp 500.000 per share.			
Issued and paid up capital : 1.100 shares		500.000.000	500.000.000
Accumulated loss		(296.069.764)	(263.577.264)
Total shareholders' equity		203.930.236	236.422.736
Total liabilities and shareholders' equity		7.709.024.931	7.392.792.288

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

PT. Tambang Sejahtera Bersama
Statements of comprehensive income

For the years ended 31 March 2016 and 2015

The Financial Statements are prepared in Rupiah

	Note	2016	2015
Revenues		-	-
Direct expenses		-	-
Gross profit / (loss)		-	-
Operating expenses			
General and administrative expenses	11	(29.600.000)	(17.350.000)
Operating profit		(29.600.000)	(17.350.000)
Other income / (expenses) - net	12	(811.999)	(587.000)
Profit / (Loss) before income tax		(30.411.999)	(17.937.000)
Corporate income tax : income / (expense) :	6a		
Current		-	-
Deferred		(2.080.501)	(564.606)
Net loss		(32.492.500)	(18.501.606)
Other comprehensive income		-	-
Total comprehensive loss		(32.492.500)	(18.501.606)

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

PT. Tambang Sejahtera Bersama
Statements of changes in shareholders' equity

For the years ended 31 March 2016 and 2015

The Financial Statements are prepared in Rupiah

	Note	2016	2015
Share Capital			
	10		
Beginning balance		500.000.000	500.000.000
Movement		-	-
Ending balance		500.000.000	500.000.000
Accumulated loss			
Beginning balance		(263.577.264)	(245.075.658)
Net comprehensive loss for the year		(32.492.500)	(18.501.606)
Ending balance		(296.069.764)	(263.577.264)
Total Shareholders' equity		203.930.236	236.422.736

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

PT. Tambang Sejahtera Bersama
Statements of Cash flows

For the years ended 31 March 2016 and 2015

The Financial Statements are prepared in Rupiah

	Note	2016	2015
Cash flows from operating activities			
Loss before income tax		(30.411.999)	(17.937.000)
Changes in working capital			
Loan and advance		-	-
Tax payable		-	-
Accrued expenses		335.725.143	334.591.922
Sundry creditors		-	-
Net cash used for operating activities		305.313.144	316.654.922
Cash flows from investing activities			
Deferred expenses		(335.175.143)	(334.591.922)
Net cash used for investing activities		(335.175.143)	(334.591.922)
Cash flows from financing activities			
Proceeds from loans		13.000.000	25.000.000
Net cash from financing activities		13.000.000	25.000.000
Increase / (decrease) in cash and cash equivalents		(16.861.999)	7.063.000
Cash and cash equivalents - at the beginning of year		21.098.289	14.035.289
Cash and cash equivalents - at the end of year		4.236.290	21.098.289

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

PT. Tambang Sejahtera Bersama

Notes to the Financial Statements

The Financial Statements are prepared in Rupiah

1. General

PT. Tambang Sejahtera Bersama ("the Company") was established under the notary deed No. 31 of Darmawan Tjoa S.H., SE, public notary in Jakarta, dated 17 April 2006, and has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia in the letter No. : C7-17389 HT.01.01-TH.2006.

The Company's Article of Association has been amended under the notarial deed No. 6 of Rohana Frieta S.H., public notary in Jakarta, dated 5 Agustus 2008, to conform with the requirement under the regulation of the Republic of Indonesia No.: 40, 2007 regarding the limited liability company. The Article of Association has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia decision letter No. AHU-64487.AH.01.02.Tahun 2008, dated 16 September 2008.

The Company's Article of Association has been amended several times, the latest amendment was issued by virtue of Notarial deed no. 10 dated 8 May 2013 of Rohana Freta, S.H., regarding the changes of Company's Director.

According to the Articles of Association, the Company's scope of activities, among others, are coal mining, coal trading and others.

As of 31 March 2016 and 2015, the Board of Commissioners and Directors are as follows:

	2016	2015
Board of Commissioners:		
Commissioner	Ms. Prosidawaty Malemta	Ms. Prosidawaty Malemta
Board of Directors:		
President Director	Mr. Abdi Khalik Ginting	Mr. Abdi Khalik Ginting
Director	Mr. Dani Daksinaputra	Mr. Dani Daksinaputra

2. Summary of Significant Accounting Policies

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

a. Basis of financial statements preparation

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

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

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

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

b. Foreign currency transactions and balances

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

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

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

	2016	2015
USD. 1	13.276	13.084

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

c. Financial Assets

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

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

Available-for-sale financial assets (AFS)

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

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

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

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

Loans and receivables

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

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of significant accounting policies - continued

c. Financial Assets - continued

Impairment of financial assets

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of significant accounting policies - continued

c. Financial Assets - continued

Derecognition of financial assets - continued

If the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

d. Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables, bank and other borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings.

Derecognition of financial liabilities

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

e. Netting of Financial Assets and Financial Liabilities

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

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

f. Cash and cash equivalent

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

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

g. Deferred expenses

All costs associated with acquisition, exploration and development of coal reserves, including directly related overhead costs, are capitalised as deferred expense.

Exploration and development costs are accumulated for each area of interest and deferred until such area of interest commence its commercial production.

At the balance sheet date, each of the area of interest are evaluated to determine the recoverable of the carrying value of the deferred exploration and development expenses in the future, adjustments made if necessary.

Deferred exploration and development expenses are amortised on straight-line basis from the date of commercial production of the respective area of interest, over the lesser of the estimated live of the mining or the remaining term of the Coal Agreement.

The net carrying value of each area of interest is reviewed regularly and to the extent this value exceeds its recoverable value, that excess is provided for or written-off in the year in which this is determined.

h. Related parties

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

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

i. Corporate income tax

Current tax expense is determined based on the taxable income for the year computed using the prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to all temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable the taxable profit will be available in future periods against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax expenses are charged or credited in the statements of profit and loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are offset in the balance sheet date in the same manner when the current tax assets and liabilities are presented.

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

i. Corporate income tax - continued

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

	2016	2015
3. Cash and cash equivalents		
Cash	-	-
Bank	4.236.290	21.098.289
	4.236.290	21.098.289

4 Deposits

Jaminan Kesungguhan - IDR	51.500.000	51.500.000
	51.500.000	51.500.000

5. Deferred Expenses

	Balance 31 March 2015	Addition	Disposal	Balance 31 March 2016
Cost				
South Sumatera - Musi Rawas	7.279.279.339	335.175.143	-	7.614.454.482
	7.279.279.339	335.175.143	-	7.614.454.482

	Balance 31 March 2014	Addition	Disposal	Balance 31 March 2015
Cost				
South Sumatera - Musi Rawas	6.944.687.417	334.591.922	-	7.279.279.339
	6.944.687.417	334.591.922	-	7.279.279.339

As of 31 March 2016, the Company has not started the commercial production, therefore, the deferred charges have not been amortised yet.

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2016	2015
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6. Taxes

a. Corporate income tax

Net income / (loss) before corporate income tax	(30.411.999)	(17.937.000)
Fiscal adjustments :		
Permanent differences	-	-
Timing differences	(335.175.143)	(334.591.922)
Total fiscal correction	(335.175.143)	(334.591.922)
	(365.587.142)	(352.528.922)
Less : Carried forward tax losses	(5.330.303.847)	(5.970.316.180)
Adjustments - carried forward tax losses	2.513.585.003	992.541.255
Estimated taxable income / (loss)	(3.182.305.986)	(5.330.303.847)
Corporate income tax expense :		
Current year	-	-
Deferred	(2.080.501)	(564.606)
	(2.080.501)	(564.606)

b. Deferred tax assets

	Balance 31 March 2015	Addition	Adjustments	Balance 31 March 2016
Timing difference:				
Deferred expense	(5.166.645.209)	(335.175.143)	2.474.851.003	(3.026.969.349)
	(5.166.645.209)	(335.175.143)	2.474.851.003	(3.026.969.349)
Less :				
Carried forward Tax los:	5.330.303.847	365.587.142	(2.513.585.003)	3.182.305.986
	163.658.638	30.411.999	(38.734.000)	155.336.637
25%	40.914.660	7.602.999	(9.683.500)	38.834.159

7. Accrued expenses

Interest Payable	2.078.701.231	1.743.526.088
Expense payable	15.400.000	14.850.000
	2.094.101.231	1.758.376.088

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2016	2015
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7. Accrued expenses - continued

Interest payable, represents interest payable on unsecured loan from PT. Adani Global at 10 % for IDR loan. (2015, at 10 % for IDR loan) per annum.

8. Sundry Creditors

PT. Adani Global	2.037.785.200	2.037.785.200
Others	9.700.000	9.700.000
	2.047.485.200	2.047.485.200

9. Unsecured loans

PT. Adani Global	3.363.508.264	3.350.508.264
	3.363.508.264	3.350.508.264

Loan from PT. Adani Global represents working capital loan, which is charged interest at rate as stated in the note 7 above.

10. Share capital

Authorized shares capital

2.000 shares with par value of Rp. 1.000.000 each	2.000.000.000	2.000.000.000
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Issued and paid up capital

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

Name of Shareholders	Ownership		2016	2015
	No. of shares	Percentage		
PT. Sumber Dana Usaha	375	75%	-	375.000.000
PT. Setara Jasa	125	25%	-	125.000.000
PT. Niaga Antar Bangsa	375	-	75%	375.000.000
PT. Niaga Lintas Samudra	125	-	25%	125.000.000
	500	500	100%	500.000.000
	500	100%	100%	500.000.000

PT. Tambang Sejahtera Bersama
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2016	2015
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11. General and administrative expenses

Legal and professional fees	29.600.000	17.350.000
	29.600.000	17.350.000

12. Other income / (expenses)

Interest income on current account	-	-
Bank charges	(811.999)	(587.000)
	(811.999)	(587.000)

13. Transactions and balances with related parties

	<u>Related parties</u>		
Balances :			
Sundry creditors	PT. Adani Global	2.037.785.200	2.037.785.200
Unsecured loans	PT. Adani Global	3.363.508.264	3.350.508.264
Interest payable	PT. Adani Global	2.078.701.231	1.743.526.088