

Financial Statements of

PT. Hasta Mundra

For the years ended 31 March 2017 and 2016

With Independent Auditors' report thereon

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BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED 31 MARCH 2017 AND 2016
PT HASTA MUNDRA

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 Hasta Mundra's financial statements;
2. PT Hasta Mundra's financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. All information in the PT Hasta Mundra's Financial Statements have been disclosed in a complete and truthful manner;
b. PT Hasta Mundra'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 Hasta Mundra's internal control systems.

Thus this statement is made truthfully.

For and on behalf of the Board of Directors

Jakarta, 10 April 2017

  **PT HASTA MUNDRA**

Mr. 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

Mail : PO Box 4071/JKTJ 13040
Tel. : (021) 8355535 / 63
Fax. : (021) 8355565
E-mail : audita@cbn.net.id

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

No.: R. 014/WD-A/2017

Independent Auditors' Report

The Shareholders and The Board of Directors, PT. Hasta Mundra

We have audited the accompanying financial statements of **PT. Hasta Mundra** ("The Company"), which comprise the statement of financial position as of 31 March 2017, 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.



Armen, Budiman & Rekan

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT. Hasta Mundra** as of 31 March 2017 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Jakarta, 10 April 2017

Drs. Wahyu Darmawan, CPA
License No. AP.0481

PT. Hasta Mundra
Statements of financial position

As of 31 March 2017 and 2016

The Financial Statements are prepared in Rupiah

	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	3	5.145.091	16.658.275
		5.145.091	16.658.275
Other non current assets			
Deposit	4	214.900.000	214.900.000
Deferred expenses	5	2.114.518.426	2.719.891.030
Deferred tax assets	6b	42.196.661	38.629.910
		2.371.615.087	2.973.420.940
Total assets		2.376.760.178	2.990.079.215
Liabilities and Shareholders' equity			
Current liabilities			
Other creditors and accruals	7	258.648.613	861.271.217
Total current liabilities		258.648.613	861.271.217
Long term liabilities			
Unsecured loans	8	1.300.000.000	1.300.000.000
		1.300.000.000	1.300.000.000
Total Liabilities		1.558.648.613	2.161.271.217
Shareholders' equity			
Share capital :	9		
Authorized capital : 2.000 shares with par value of Rp. 1.000.000 per share.			
Issued and paid up capital : 1.000 shares		1.000.000.000	1.000.000.000
Accumulated loss		(181.888.435)	(171.192.002)
Total shareholders' equity		818.111.565	828.807.998
Total liabilities and shareholders' equity		2.376.760.178	2.990.079.215

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

PT. Hasta Mundra
Statements of comprehensive income

For the years ended 31 March 2017 and 2016

The Financial Statements are prepared in Rupiah

	Note	2017	2016
Revenues		-	-
Direct expenses		-	-
Gross profit / (loss)		-	-
Operating expenses			
General and administrative expenses	10	(13.750.000)	(15.200.000)
Operating profit		(13.750.000)	(15.200.000)
Other income / (expenses) - net	11	(513.184)	(808.097)
Profit / (loss) before income tax		(14.263.184)	(16.008.097)
Corporate income tax income / (expense)	6a		
Current		-	-
Deferred		3.566.751	806.024
Net loss		(10.696.433)	(15.202.073)
Other comprehensive income		-	-
Total comprehensive loss		(10.696.433)	(15.202.073)

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

PT. Hasta Mundra
Statements of changes in shareholders' equity

For the years ended 31 March 2017 and 2016

The Financial Statements are prepared in Rupiah

	Note	2017	2016
Share Capital	10		
Beginning balance		1.000.000.000	1.000.000.000
Movement		-	-
Ending balance		1.000.000.000	1.000.000.000
Accumulated loss			
Beginning balance		(171.192.002)	(155.989.930)
Net comprehensive loss for the year		(10.696.433)	(15.202.072)
Ending balance		(181.888.435)	(171.192.002)
Total Shareholders' equity		818.111.565	828.807.998

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

PT. Hasta Mundra
Statements of Cash flows

For the years ended 31 March 2017 and 2016

The Financial Statements are prepared in Rupiah

	Note	2017	2016
Cash flows from operating activities			
Loss before income tax		(14.263.184)	(16.008.097)
Adjustments to reconcile profit / (loss) before income tax to net cash provided by operating activities :		-	-
Changes in working capital			
Other creditors and accruals		(602.622.604)	131.650.000
Net cash used for operating activities		(616.885.788)	115.641.903
Cash flows from investing activities			
Deferred expenses		605.372.604	(130.000.000)
Net cash used for investing activities		605.372.604	(130.000.000)
Decrease in cash and cash equivalents		(11.513.184)	(14.358.097)
Cash and cash equivalents - at the beginning of year		16.658.275	31.016.372
Cash and cash equivalents - at the end of year		5.145.091	16.658.275

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

PT. Hasta Mundra

Notes to the Financial Statements

The Financial Statements are prepared in Rupiah

1. General

PT. Hasta Mundra ("the Company") was established under the notary deed No. 6 of Rohana Frieta S.H., public notary in Jakarta, dated 11 December 2007, and has been approved by the Ministry of Justice and Human Rights of Republic of Indonesia in the decision letter No. : AHU-02028.AH.01.01.TH.2008, dated 16 January 2008.

The Company's Article of Association has been amended several times, the latest amendment was issued by virtue of Notarial deed no. 5 dated 15 December 2013 of Rohana Freta, S.H., regarding the changes of the Company's share holders.

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

The Board of Commissioners and Directors are as follows:

	2017	2016
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.

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.

PT. Hasta Mundra
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 principal rate of exchange used as of 31 March were as follows:

	2017	2016
USD. 1	13.322	13.276

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

c. Financial Assets

Classification of financial assets depends on the purpose for which the financial assets were acquired, which is determined at initial recognition. Financial assets of the Group mainly comprised cash and cash equivalents, trade debtors and other debtors which represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accordingly, such financial assets have been classified as loans and receivables.

Loans and receivables are classified as current assets, except if the maturities are greater than 12 months after the end of the reporting period.

Loans and receivables are carried at amortised cost using the effective interest method.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial Liabilities and Equity Instruments

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

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

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.

PT. Hasta Mundra

Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

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

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.

d. 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.

e. 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. The definition of related parties used is in accordance with SFAS 7, "Related Parties".

All material transactions with related parties are disclosed in the notes to these consolidated financial statements.

f. 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.

PT. Hasta Mundra
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

2. Summary of Significant Accounting Policies - continued

g. Corporate income tax

The income tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In this case, the tax is also recognised directly in equity or in other comprehensive income, respectively.

The current income tax is calculated using tax rates that have been enacted at the financial position date.

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

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

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

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.

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

PT. Hasta Mundra
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2017	2016
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3. Cash and cash equivalents

Cash	-	-
Bank	5.145.091	16.658.275
	5.145.091	16.658.275

4. Deposits

Deposit with Government	214.900.000	214.900.000
	214.900.000	214.900.000

5. Deferred Expenses

	Balance 31 March 2016	Addition	Disposal	Balance 31 March 2017
<u>Cost</u>				
Central of Kalimantan	2.719.891.030	88.328.767	(693.701.371)	2.114.518.426
	2.719.891.030	88.328.767,00	(693.701.371)	2.114.518.426

	Balance 31 March 2015	Addition	Disposal	Balance 31 March 2016
<u>Cost</u>				
Central of Kalimantan	2.589.891.030	130.000.000	-	2.719.891.030
	2.589.891.030	130.000.000	-	2.719.891.030

As of 31 March 2017, the Company has not started the commercial production, therefore, the deferred charges have not been amortised yet.

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

The Financial Statements are prepared in Rupiah

	2017	2016
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6. Taxes**a. Corporate income tax**

Net loss before corporate income tax	(14.263.184)	(16.008.097)
Permanent differences	(3.817)	-
Timing differences	605.372.604	(130.000.000)
Total fiscal correction	605.368.787	(130.000.000)
	591.105.603	(146.008.097)
Less : Carried forward tax losses	(906.065.986)	(975.941.805)
Adjustment to carried forward tax losses		215.883.916
Estimated taxable income / (loss)	(314.960.383)	(906.065.986)
Corporate income tax expense :		
Current year	-	-
Deferred	3.566.751	806.024
	3.566.751	806.024

b. Deferred tax assets

	Balance 31 March 2016	Addition	Adjustments	Balance 31 March 2017
Timing difference:				
Deferred expense	(751.546.342)	605.372.604	-	(146.173.738)
Less : Carried forward	906.065.986	(591.105.603)	-	314.960.383
Tax loss	154.519.644	14.267.001	-	168.786.645
Deferred tax assets at 25%	38.629.910	3.566.751	-	42.196.661

	Balance 31 March 2015	Addition	Adjustments	Balance 31 March 2016
Timing difference:				
Deferred expense	(824.646.258)	(130.000.000)	203.099.916	(751.546.342)
Less : Carried forward	975.941.805	146.008.097	(215.883.916)	906.065.986
Tax loss	151.295.547	16.008.097	(12.784.000)	154.519.644
Deferred tax assets at 25%	37.823.886	4.002.024	(3.196.000)	38.629.910

PT. Hasta Mundra
Notes to the Financial Statements - continued

The Financial Statements are prepared in Rupiah

	2017	2016
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7. Other creditors and accruals

	2017	2016
Interest Payable	232.898.613	838.271.217
Expense payable	13.750.000	11.000.000
Other creditor	12.000.000	12.000.000
	258.648.613	861.271.217
Interest payable, represents interest payable on unsecured loan from :		
PT. Adani Global	232.898.613	144.569.846
PT. Mundra Coal - see note 8.	-	693.701.371
	232.898.613	838.271.217

8. Unsecured loans

	2017	2016
PT. Mundra Coal	-	1.300.000.000
PT. Adani Global	1.300.000.000	-
	1.300.000.000	1.300.000.000

Represent loans from PT. Adani Global (2016 - from PT. Mundra Coal), which were used for working capital and charged interest at 10 % (2016, at 10%) per annum.

9. 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

Issued and paid up capital

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

Name of Shareholders	Ownership		2017	2016
	No.-of shares	Percentage		
PT. Niaga Antar Bangsa	750	75%	750.000.000	750.000.000
PT. Niaga Lintas Samudra	250	25%	250.000.000	250.000.000
	1.000	100%	1.000.000.000	1.000.000.000

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

The Financial Statements are prepared in Rupiah

	2017	2016
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10. General and administrative expenses

Legal and professional fees	13.750.000	15.200.000
	13.750.000	15.200.000

11. Other income / (expenses)

Interest income on current account	3.817	-
Bank charges	(517.001)	(808.097)
	(513.184)	(808.097)

12. Transactions and balances with related parties

	Related parties		
Balances :			
Unsecured loans	PT. Mundra Coal	-	1.300.000.000
Unsecured loans	PT. Adani Global	1.300.000.000	-
Interest payable	PT. Adani Global	232.898.613	144.569.846
Interest payable	PT. Mundra Coal	-	693.701.371